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Traders at the Sao Paulo Stock Exchange calling out during Thursday's sell-off, one of the world's sharpest.

### Fear of Global Recession Causes Sell-Off in Stocks

#### Hope for Lower Interest Rates Wanes, Analysts Say

By Don Kirk

frustration among U.S. officials visiting

the region this week. Their main fear is

that access to the region's markets will

close as leaders across Asia attempt to

strengthen their own economies and in-

dustries through increased exports, largely to the United States.

In Japan, the U.S. trade represen-tative, Charlege Barsbefsky, has been

trying to convince the Japanese of the

need to open their markets as an antidote

to a possible record surplus in Japanese

But Ms. Barshefsky elicited noncommittal responses from the ministers of

In a meeting Thursday with the min-

trade with the United States.

for freer markets and deregulation.

By Tom Buerkle

LONDON - The turmoil in world financial markets tonk a dramatic turn for the worse Thursday as fear of a global recession sent stock prices tumbling in every major market and put fresh pressure on the U.S. Federal Reserve Board and other central banks to cut interest

Deflation crisis? U.S. Federal Reserve chief triggers a hig debate. Page 15. Many analysts blamed the Fed for the sell-off, saying comments by its a central bope that was buoying world markets. Mr. Green-span late Wednesday hinted that the Fed was unlikely to cut rates immediately and said it was not discussing a concerted

easing of monetary policy with other central banks.

But beyond the disappointment on rates, markets were rattled by mounting evidence that the recession spreading from Asia to other emerging economies was beginning to undermine growth prospects and corporate profitability in the United States and Europe. The United States and Germany reported a deterioration in exports Thursday; the Ifo research

institute reported that German business confidence declined in August as the economic crisis in Russia deepened, and the French telecommunications giant Alcatel SA issued a warning of lower profits.

'We're clearly in trouble," said David Hale, chief economist at Zurich Kemper Investments. "On the current trend line, 60 percent of the world will be in recession next year. It's gone so far now it's probably im-possible to stop."

Nigel Morgan, chief economist at Old Mutual Asset Managers, a fund group in South Africa, said, "If we don't start getting cuts in interest rates in developed countries

quite soon, then economic activity will declibe globally." In dealing rooms from Tokyo to London to New York, traders' screens were blanketed in red, the color of falling prices. The Dow Jones industrial average closed 216.01 points lower at 7,873,77, a drop of 2.67 percent. Latin American markets were hard-hit, with Brazil's Bovespa index losing 4.84 percent and Argentina's Merval falling 3.87 percent.

See MARKETS, Page 16

U.S. Faces an Asian Wall

Officials Try to Keep Region's Markets Open

### Hyde Disclosure Roils Congress

On-line magazine revealed Hyde's

1960s adultery. • Congressional

Democrats sbun Clinton, Page 3.

#### Bipartisan Attack Comes **Amid Debate on Clinton**

By Brian Knowlton International Herald Tribun

WASHINGTON — A leading Republican angrily demanded Thursday that the FBI investigate the source of a report that Representative Henry Hyde, the chairman of the House committee examining allegations against President Bill Clinton, had an extramarital affair 30 years ago.

The Republican, Tom DeLay, the House whip, said, "We have reason to believe that top aides, with access to the White House, have orchestrated a conspiracy to intimidate members of Congress by using their past lives as

The White House vehemently and repeatedly denied any connection to the story about Mr. Hyde, which was first. reported by Salon, an Internet magazine

that has been supportive of Mr. Clinton.

Should the FBI find a link, however, Mr. DeLay said,
"This could be added to the impeachment inquiry."

Mr. DeLay was part of an ontpouring of Republican condemnations of the Salon story — joined by many Democrats—that came as the Judiciary Committee, beaded by Mr. Hyde, 74, was debating the release of a videotape of Mr. Clinton's grand jury testimony in the Monica Lewinsky case.

Anger filled the air throughout the day as Mr. Clinton's private attorney, David Kendall, said that he had asked the independent counsel, Kenneth Starr, to discard the videotape once all grand jurors had seen it, and that Mr. Starr's refusal to do so could only reflect a desire "to ensure its public release and embarrass the president."

Democratic members of the committee introduced motions Thursday to delay or limit the evidence to be released. But the majority Republicans were expected to prevail, meaning the

See CLINTON, Page 7

#### America's Great Sex Scandal? **Havel Turns to Home Runs**

By Michael T. Kaufman

WASHINGTON - It might not have been apparent to most Americans, but from the Czecb perspective it was clear that President Vaclay Havel, by appearing at President Bill Clintoo's side at a news conference, was not merely repaying a friend for having opened the way for his country to join the North Atlantic Treaty Organization.

A target himself of accusations of philandering, Mr. Havel

was standing in solidarity with a fellow politician who was trying to cope with a culture much more jodgmental than his own.

Asked several times about Mr. Clinton's difficulties involving sex, Mr. Havel looked up at the president, with whom he had once played a saxophone duet in Prague, called him a great friend and praised him for

his international leadership.

Pressed for more of a response, the Czech president said he would like to offer congranulations to Mark McGwire and to Sosa for the As for the rest of it, he said, "I don't like to speak about things which I don't understand."

It is not that Czechs ignore sex or the yearnings of their leaders and fellow citizens. Indeed, no country has a serious literature in which sex and politics intertwine so pro-

Perhaps the best known example of this is Milan Kundera's novel. "The Unbearable Lightness of Being," where the hero's conflicted yearnings for the down-to-earth Tereza and the tantalizingly ethereal Sabina serve as metaphors for broader themes of freedom and responsibility. Similar uses of private affairs to reflect public issues appear

See HAVEL, Page 7

#### Thursday @ 4 P.M. 135.2 132.13 5.6888 Pound -216.01 7,873.77 1,018.86 1,545.24

### **Dissidents** Throw Down Sauntlet to Burma Junta

By Seth Mydans New York Times Service

BANGKOK - In their riskiest challenge yet to the military rulers of Burma. a small group of opposition politicians said Thursday that they would act as the country's legitimate Parliament and declared all laws and proclamations issued by the ruling junta null and void.

The 10 politicians, led by Daw Aung

San Snu Kyi, are members of the National League for Democracy, which won an election in 1990 for a Parliament that was never allowed to take office.

When Daw Aung San Suu Kyi announced last month that she planned to convene the Parliament, the military responded with its biggest wave of arrests since a crackdown on demonstrators in 1988 that took thousands of lives. The League said that 843 members of the party had been arrested, including 195 of its elected representatives.

"I think this is the most volatile and unpredictable moment in the last 10 years in Burma," said Josef Silverstein, an expert on the country at Rutgers University in New Jersey. With the op-position going for broke and the military refusing to compromise, a diplomat in Burma called the confrontation "an approaching train wreck."

In its statement Thursday, the opposition said, "The Committee Repres ing Elected Lawmakers formed by the National League for Democracy on Sept. 16 decided it will perform the functions of the Parliament until a formal Parliament session is called under the 1990 multiparty democratic election law."

Its first parliamentary act was to call for the release of all political prisoners. There was no immediate response by the government, but the junta has warned that any attempt to convene the Parliament would be illegal.

In recent days, the language of official statements has grown more threatening, describing opposition forces as "traitors" and "terrorists." Published commentaries have suggested that Daw Aung San Suu Kyi might be deported. Some analysis say the junta could be preparing to try to stamp out the opposition party once and for all.

"This is pretty serious stuff," a Western diplomat said in a telephone interview from Burma, which has been closed to reporters for weeks. "This is an existential moment. Time is ticking away here. So we are all extremely worried and nervous.

In a country whose military leaders have demonstrated their readiness to shoot down their opponents, the heightened challenge by Daw Aung San Suu Kyi is a dangerous one.

The opposition challenge has won support from parts of the country's

SEOUL — As the United States re-	automotive parts and flat glass, accor-
ported Thursday that its trade deficit had	ing to Japanese reports. The increase wi
widened sharply again, its trade offi-	needed, she said, to counter rising ex
cials encountered a wall of resistance to	ports of Japanese cars and steel.
American efforts to pry open key Asian	Yoshio Nakamura, managing direct
markets, officials reported.	for the economic bureau of Keidanre
Their failure added to the sense of	the Japan Federation of Economic O

the Japan Federation of Economic Organizations, said Japanese exports had soared because of the depreciation of the yen but said imports would increase only after Japan cut taxes, which be said would not happen until next year.

ister of international trade and industry,

Kaoru Yosano, Ms. Barshefsky called for increased imports of motor vehicles,

In Seoul, after three days of talks on providing easier access to the South Korean market for motor vehicles, a U.S. negotiating team "failed to reach an agreement" with South Korean negotiators, the Foreign Ministry said.

In Washington, the Commerce De-partment reported that the U.S. trade deficit widened to \$13.9 billion in July as Asia's downturn hurt U.S. farm and manufacturing sales overseas. international trade and industry, agricul-

deficit was 2.1 percent wider than June's imbalance of \$13.6 billion.

"She didn't get any progress but understood what we thought," said Shin Hosaka, deputy director of the North monthly deficit on record, surpassed only by May and April. American desk at Japan's Ministry of only hy May and April. International Trade and Industry.

See TRADE, Page 13

### Yeltsin Hits Snag on Cabinet

#### Dispute on Fiscal Policy Is Raising Tensions

By Michael Wines New York Times Service

MOSCOW - Russia's monthlong attempt to cobble together a coalition government of Communists and capitalists showed new signs of stress and delay Thursday over the only issue that matters: fiscal policy.

President Boris Yeltsin said he might miss the legal deadline of Friday to finish selecting his new cabinet because he needed more time to choose a finance

The acting finance minister, Mikhail Zadomov, was a leader among the free-market advocates in the last cabinet whose push for full-fledged capitalism foundered with the financial meltdown that started in August.

Few believe that Mr. Yeltsin's new prime minister, Yevgeni Primakov, will keep Mr. Zadornov in the government, and there were fresh indications Thursday that Mr. Primakov's men might nudge other reformers out as well.

The political maneuverings dove-

tailed with another fiscal drama that has Mr. Yeltsin's old corps of reformers and some Westerners wringing their hands: the continuing hints that Mr. Primakov's new ministers will try to solve the nation's money problems

by printing billions of new rubles. In the United States, Deputy Treasury Secretary Lawrence Summers told Congress that Russia risked a new round of devastating hyperinflation if it resorted to such policies to solve its money

They must resist pressures to spend and lend which will doom the economy

· EU offers Russia experts to help but no cash aid for now. Page 13.

to another bout of high, perhaps hyperinflation," Mr. Summers said in re-marks to the House of Representatives

International Relations Committee. On the political from, the new deputy prime minister, Alexander Shokhin, re-

peated his statement of Tuesday that Boris Fyodorov, another key reformer who was a deputy prime minister and head of the state tax service, had quit. Mr. Fyodorov, who developed a reputation for pugnacity as tax collect-or, had been quiet after Tuesday's announcement.

But oo Thursday he dispatched an aide to effectively dare Mr. Primakov to

See RUSSIA, Page 13

#### AGENDA

#### Sosa Ties McGwire With 63d Home Run

Sammy Sosa was relaxed enough to hit his 63d home run. It was simply a matter of when.

After singling and doubling in his first four at-bats Wednesday night, Sosa came to the plate with the bases loaded and two out. With the San Diego crowd of 49,891 on its feet,

Sosa drove a 1-0 pitch from a Padres right-hander, Brian Boehringer, high Crossword. Page 13. Opinioo Pages 8-9. Pages 22, 23,

Chinese Rebuffed Days after dissidents in several parts of China met with small but

and deep into the second deck in left field, a 434-foot (132-meter) blast

that tied Mark McGwire for most

home runs in a season and gave Chicago a 6-2 lead. The Cubs went on

to beat the Padres, 6-3. Page 22.

encouraging signals when they applied to form a political party, their counterparts in Beijing encountered a different fate: Two dissidents who were about to submit a similar application were detained and questioned by the police and told not to turn in their request. Page 6.



truce could angur a lasting peace, even though the rebels vowed to retain their weapons in self-defense. Prime Minister Jose Maria Aznar, while on an official visit to Peru, said, 'After 30 years of terrorist activity we cannot give the ETA organization the benefit of the doubt. He added: "If ETA really wants to

put an end to its trail of death, it has to realize that any step toward credibility must be earned with deeds and not

The cautious stance was not unexpected. Mr. Aznar survived an ETA bomb in 1995 when be was the opposition leader, and the rebels have killed five of his Popular Party town councilors since last year.

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Mr. Mayor Oreja, left, discussing the cease-fire Thursday in Madrid. Xabier Arzallus, president of the Basque nationalist party PNV, in Bilbao.

The current and past governments have insisted there can be no talks with the rebels until they renounce vio-

'We are not content with a truce,' said Joaquin Almunia, the Socialist Party secretary-general. "We want peace, which means the permanent abandonment of arms, and respect for the law and the results of elections."

The cease-fire, announced in a fourpage communiqué late Wednesday and due to take effect Friday, comes just before the Oct. 25 elections for the Basque regional Parliament, where the moderate Basque Nationalist Party bas governed for 10 years with support from the Socialists.

Interior Minister Jaime Mayor Oreja warned this week that the anticipated truce offer could be an election ploy to gain votes for the nationalist parties. The nationalist parties seemed to be

burying their political differences Saturday by making a united appeal for multilateral peace talks, inspired by the

recent peace accord in Northern Ire-"We do not want to raise hopes or

play games with the public's strong desires for peace," Mr. Mayor Oreja said on national television as be read the government's official response to the ETA annouocement. BTA, whose initials in the Basque

language stand for Basque Homeland and Liberty, has observed four limited truces since 1981. The new, unconditional cease-fire comes as 535 ETA convicts or suspects are beld in Spanish iails, with dozens more imprisoned in France, the result of increased cooperation between Madrid and Paris to stanch the terrorism.

The Spanish government and courts have also cracked down on ETA's sup-The Supreme Court sentenced the top

23 leaders of the leftist Herri Batasuna party to seven years each in jail in

See ETA, Page 7

See BURMA, Page 7



### 'Long Live Mexico!' (Or How to Fine-Tune the Annual Cry)

By Sam Dillon New York Times Service

EQUISQUIAPAN, Mexico -- Jose Antonio Meiia. who at 27 may be Mexico's youngest mayor and is still unaccustomed to public speaking, was feeling panic Tuesday night as the time drew near for him to preside over his first Independence Day celebration.

As two bemedaled army generals and other local dig-nitaries lined up to greet Mr. Mejia at the town hall, he fingered his tie nervously. As eager but tenuously trained teenage trumpeters intoned the national anthem, Mr. Mejia passed his palms across his suit jacket, wiping away

But despite his trepidation, when his moment came to

sand before thousands of people in the plaza of this colonial town. Mr. Mejia met his obligations.

"Viva Mexico!" he shouted in an unquavering voice at 11 P.M. as festoons of burning phosphorus set the facade of Tequisquiapan's church ablaze in light.

At the same hour, mayors in the 2,392 municipalities all

across Mexico presided over their own ceremonies. In Mexico City, President Ernesto Zedillo shouted the same slogan from the balcony of the National Palace as 2 million revelers packed the Zocalo, the central plaza, and its environs. Millions of others watched the naconwide broadcast.

Even as Mexico endures a turbulent political transition, two small insurgencies, an epidemic of violent crime and the global financial crisis, it remains a largely stable country, united by tight families and built on the bedrock of traditions. One of the most deeply felt is the September celebration of the beginning of the Independence War against Spain in 1810.

'This is one of those public ceremonies that provide an anchor for Mexicans after 20 years of crisis and rapid change," said Federico Estevez, a political scientist.

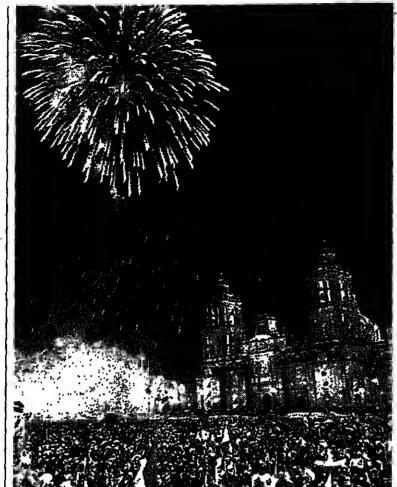
In a popular history of Mexico published last year, the writer Enrique Krauze described how Miguel Hidalgo y Costilla, a brilliant but somewhat eccentric parish priest in the central town of Dolores, launched the 1810 uprising:
"On the morning of Sept. 16, be rang the cathedral bell to summon his Indian parishioners into the church square of Dolores and delivered his famous cry: 'Death to the Span-

iards! Long live the Virgin of Guadalupe!"

After the army of Hidalgo, largely made up of Indians, swept through central Mexico, razing haciendas and killing Spaniards, he was captured, shot and beheaded in Chihuahua in 1811, and Spanish loyalists put his head on display until Mexico won its independence in 1821.

eveo before the Independence War ended. Over the course of the 19th century, it evolved into Mexico's most important patriotic ceremony, but according to Mr. Krauze, historians disagree about what, exactly, Hidaldgo actually said. That historical ambiguity has allowed for a flexible

Hidalgo's followers began re-enacting his cry, or grito,



In Mexico City's central plaza, tens of thousands watch the fireworks celebrating the country's Independence Day.

tradition. All presidents and mayors who preside over the September cer-emony shout "Viva Mexico!" But beyond that, many add and subtract historical heroes and political coocepts, fine-tuning the momeot to fit their own political needs.

President Jose Lopez Portillo, in his last grito in 1982, two weeks after he

nationalized Mexico's banks, added the phrase 'Long live the nationalization of the banks!" That was a short-lived innovation, since President Carlos Salinas reprivatized the banks after taking office in 1988.

Mr. Salinas, for his part, added the phrase "Long live Emiliano Zapata," thereby broadening the grito's historical focus from the 19th-century independence struggle to the 20th-century revolution.

Mr. Zedillo, in his first grito in September 1995, added the phrase "Long live democracy!" On Tuesday night he said, "Mexicans, long live our independence, long live our sovereignty, long live democracy and long live the unity of all Mexicans. Viva Mexicol"

N MEXICO CITY, the newspaper Reforms recently asked athletes, artists, politicians and other famous Mexicans what they would shout at this year's ceremony. Many offered high-minded slogans like the one proposed by Santiago Creel, an opposition congressman: "Long live understanding among all Mexicans!"

Other suggestions were more free-wheeling. Andres Bustamante, a comedian, said he would shout, "Fellow citizens, will the person who has stolen the flag please return it so that the ceremony can continue?"

Carlos Monsivais, a prominent intellectual, suggested, "Long live what's left of Mexico!"

"Long live the blues," proposed Betsy Pecanins, a popular signal.

ular singer.

Most, however, urged that there be oo changes at all.

Traditions are important," said the author Jorge

Castaneda. "Better not disturb them." That was, of course, the approach favored by Mr. Mejia as he prepared to preside over the grito in this town of cobble-stoned streets and 75,000 residents 150 kilometers (95

miles) north of the capital. Hours before townspeople began to gather in the Tequisquiapan plaza, Mr. Mejia was in his office, reviewing his script and speaking with a visitor.

He recalled that, as a youth, he would walk hand in hand with his father to the plaza an hour before midnight each year

This year, Mayor Mejia marched into the plaza behind a drum and bugle corps to the salutes of town policemeo and with well-wishers calling out to him from balconies and rooftops. He climbed the stairs of the central bandstand

without besitation. "Long live the heroes who gave us fatherland and erty!" he shouted. "Viva Miguel Hidalgo! Viva Ignacio Allende! Viva Jose Maria Morelos! Viva Aldama! Viva Dona Josefa Ortiz de Dominguez! Viva Mexico's inde-

And as fireworks engulfed the Tequisquiapan plaza and mariachi singers burst into song, Mr. Mejia smiled.
"That was great," he whispered. "What a surge of

pendence! Viva Mexico! Viva Mexico! Viva Mexico!

TRAVEL UPDATE

### **U.K. Tourism Takes Pounding**

LONDON (AP) - Britain's strong currency deterred European visitors last year and cost the country more than £850 million, the British Tourist

Authority reported Thursday. Despite the \$1.4 billion loss in receipts, the number of visitors overall edged up I percent to a record 25.5 million, because Americans kept com-

David Quarmby, chairman of the tourism anthority, called 1997 "a toogh year for the industry," adding: "The continuing strong pound, coupled with the financial crisis in Asia, means that

Greek tourism.

velopment minister, Vasso Papandreou, who an-nounced a 10 percent increase in charter flights to Greece during the first eight months of the year. Another 2 percent rise is expected by the end of the

day extension of a strike that has halted all but critical care at public hospitals. The national doctors union is scheduled to meet Monday to determine whether hospitals from the rest of the country will

With a boom in subway and bus ridership in New York City still going strong, transit officials said they would spend \$44 million to expand service over the course of 1999. The plan will add service over the course of 1277. 2400 bus trips and about 200 subway trips a day to (NYT)

### Albright May Meet Iran Aide

UN Chief Wants Both At Talks on Afghanistan

By Barton Gellman

WASHINGTON - American and United Nations officials say there are. strong prospects for a Monday meeting that would bring Secretary of State Madeleine Albright face to face with the Iranian foreign minister, Kamal Khar-razi. It would be the highest level of contact between the estranged govern-ments since the hostage crisis of 1979

The meeting in New York would. come in a working group on Afghan-istan including six other foreign min-isters, and hilateral issues between Washington and Tehran are seen as mi-

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likely to be broached.
Even so, according to U.S. and foreign diplomats, it would mark a significant new sign of the warming undersway in the year since President Mohammed Khatemi took office in Iran on a platform of reform.

The UN secretary-general, Kofi An-nan, has been canvassing the eight govemments of the "six plus two" grouping an effort to coovene the foreign ministers Monday afternoon.

The immediate objective is to halt a growing momentum for armed conflict between Iran and the fundamentalist Sunni Muslim movement, the Taleban, that controls most of Afghanistan. Officials said Mr. Annan also welcomed. the prospect of cootributing to an easing; of tensions between Washington and. Mr. Annan did not plan to issue for-

mal invitations until he was confident they would be accepted, officials said. But diplomats were optimistic after tran responded positively to Mr. An-

nan's overture and Pakistan - whose support for the Taleban leaves it isolated in the group — also indicated that it, would accept. Mrs. Albright, according to U.S. officials, will certainly agree to attend if the others do so. "The signs are quite good," said a

diplomat taking part in the arrangements. "We can't confirm it, but the probability is that there will be a meeting at the foreign ministerial level."

Concerning the situation in Afghan-istan, where Iran and Pakistan are embroiled in a bitter rivalry, the United States and Iran are allies of sorts, sharing strong antipathy for the Taleban. In, the UN Security Council and from thespokesman's podium at the State De-, partment, the Clinton administration has condemned the deaths of nine Ira-, nian diplomats at the Taleban's hands last month.

At the same time, Washington hopes, to help defuse the risk of an Iranian; invasion across the Afghan border, which Tehran has threatened with increasing bluntness this month. Iran staged a massive military exercise on the border last week and announced; plans to dispatch 200,000 additional,

The "six plus two" group refers to, Afghanistan's six immediate neighbors Iran, Pakistan, China, Turkmenistan, Uzbekistan and Tajikistan - along with-Russia and the United States. It has met; several times since last year under the auspices of a UN troubleshooter, Lakhdar Brahimi, usually at the level of ambassador or assistant secretary of

U.S. officials, while clearly buoyed. by the prospect of an Albright-Kharrazi meeting, played down its significance in . an apparent effort to avoid spooking

"We've called for direct dialogue between the United States and Iran," a U.S. official ooted, while Iran has balked so far. This meeting, he added, would not be "dramatically new" because its subject is Afghanistan and the forum has been used before at lowers

> Recruitment every Monday in The Intermarket

### Iran Closes Dissident Newspaper and Jails Editors

By Douglas Jehl New York Times Service

TEHRAN - In a new setback for political moderates, Iran has abruptly closed a leading daily newspaper and arrested its top editors for publishing articles deemed detrimental 'to the

The action, announced on Wednesday by the Islamic Revolution Court, came hours after the country's supreme leader. Ayatollah Sayed Ali Khamenci, issued an ultimatum against the "creeping excesses" of an increasingly free-wheeling Iranian

With its wholehearted embrace of President Mohammed Khatemi's

ularly infuriated Iranian conserva- veiled complaint against the actioo, hard-line stand against Afghanistan. Khamenei. "Any press crime should and it was this that the aothorities be tried in a public and open court and apparently cited as reason for halting its presses Tuesday night.

current case suggested that the shutdown could well be permanent, and - at a time of high tensions over restrictions on public expressioo in the name of public security.

The arm of Mr. Khatemi's gov-

tives by challenging accepted policy. carried out by public prosecutors It had questioned the wisdom of Iran's more closely aligned with Ayatollah more closely aligned with Ayatollah with the presence of a jury," the Min-istry of Culture and Islamic Guidance Founded only early this year, the said in a statement Thursday.

The Islamic Revolution Court opcaped two previous court-ordered erates behind closed doors. Among crackdown on 'enemies of the revclosures, once by changing its name. those arrested were the newspaper's But several Iranian analysts said that editor, Mahmoud Shamsvolazein, the beavy-handed treatment of the and Hamid Reza Jalaipur, director of its publishing company, according to the official Iranian press agency.

There has been no obvious sign of a Afghanistan - could presage wider schism between Mr. Khatemi and

Ayatollah Khamenei over Afghanistan, a target of a mounting Iranian military buildup and vociferous

between sopporters of Mr. Khatemi, a relative moderate, and conservatives aligned with Ayatollah Khamenei has claimed several victims. One was the mayor of Teheran, Gholam-Hossein Karbaschi, who was sentenced in July to five years in prisoo after being convicted of corruption charges that his supporters say were politically motivated. He was a close ally of the presideot.

But many of Mr. Khatemi's sup-

porters have expressed private con-

cern that the ongoing crisis with Af-

ghanistan might sap attention from

his declared quest to ease the restric-

tive atmosphere of Iranian society.
And some have seen in Ayatollah's

Khamenei's recent harsh words to-

ward Afghanistan and direct call for a

olution in the press" a possible sign

that conservatives hope to use the

In the last six mooths, the rivalry

Another, former Interior Minister

Abdollah Nouri, was forced from of-

fice hy the conservative-dominated

Parliament in June, in part because of

Islamic guidance, were beaten by

hard-line thugs after attending a Fri-

ban's killing of Iranian diplomats.

But Tous, already more daring than most in criticizing Iran's ruling re-ligious regime, had also suggested

that Tehran might be wiser to engage in a dialogue with the Taleban than to

confroot it with military force.

day prayer service.

crisis to regain the spotlight.

calls for greater openness in Iranian ernment that is supposed to regulate threats over the killing there of a num-society, the newspaper, Tous, has reg-

Iraq, Delaying Total Break, Counts on Annan

For Iraq, "the priority is to seek assurances that a comprehensive review of sanctions will be undertaken

said, "shows that it wants to cooperate with the United Nations to reach Baghdad's fundamental ob-A Western diplomat in Baghdad jective: the lifting of the embar-

on its threat to sever all cooperation with United Nations arms inspectors to allow time for the UN secretarygeneral, Koli Annan, to find a way out, political and diplomatic sources

Revolutionary Command Council decided late Wednesday to await every two months of the sanctions. "the proper time" to act on Parhament's call for a total break with the UN Special Commission in

charge of disarming Iraq. The command council urged Mr. Annan to take "a more active stance to honor his commutments" toward a way out." Baghdad, referring to its Feb. 23

A CONTROL OF THE CONT

industrial sites. But UN monitoring to search for a settlemeot." activities have not been stopped.

Ao Iraqi bid to lift the eight-yearold embargo, which is linked to Iraqi disarmament, hackfired wheo the Security Council decided last week
President Saddam Hussein's to punish Iraq for the ban on surprise inspections by scrapping its reviews Jamal Suwaidi, director of the

Emirati Center of Strategic Studies in Abu Dhabi, said, "Iraq has got the essage that it's the only loser in this crisis which it provoked with the Umited Nations and that it must find

said, "The parties concerned have

BAGHDAD — Iraq is holding off prise inspections of its military and efforts of the UN secretary-general

objectively." he said.

A senior Iraqi member of Parliament, Khaled Duri, meanwhile, said that Baghdad was giving the Security Council "another chance to carry out an objective review of the whole question of the embar-

#### his outspoken support for Mr. Kara-Two weeks ago, Mr. Noori and another Khatemi lieutenant, Ataollah Mohajerani, minister of culture and

The Iraqi leadership's stand, he

ing - at the rate of 5 million.

1998 is unlikely to be any easier."

### Greece Keeps Them Coming ATHENS (AP) — Despite waves of strikes and anti-foreigner attacks, it has been a good year for

That was the message Thursday from the de-

Doctors in the Athens area announced a five-

join the strike, which began last week. in general, the press has reflected a broad spectrum of views about pos-sible military retaliation for the Tale-

> The luxury liner Ecstasy, heavily damaged in a July fire that injured 60 passengers, has returned to its home port of Miami, repaired and ready to resume cruising the Caribbean. The ship carries more than 2,500 guests. (Reuters)

#### WEATHER

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Latin America

Away From Politics

### 2 Tobacco Firms Face New Accusations

By Myron Levin Los Angoles Times Somice

LOS ANGELES - Philip Morris and British-American Tobacco secretly joined forces to fix eigarette prices and divide markets in Argentina. Venezuela and other Latin American countries, according to internal documents that explicitly describe the deals and the involvement of some of the companies' most senior executives. In Argentina, the companies set

prices and allocated market shares, relying on "verbal agreements" because "there can be nothing in writing in Atgentina on the subject," said a 1989 memo by a director for British-Amer-In Costa Rica, their accord even dic-

tated the amount of TV advertising each company could buy and what incentives they could offer retailers to promote their brands, according to a February 1992 letter from the head of British-American's Costa Rican subsidiary. Another price-fixing agreement covered Venezuela, but when a price

war broke out between the companies'

Venezuelan affiliates each began

smuggling digarettes into the country

through Aruba and Colombia to avoid

paying taxes, according to a 1992 British-American Tobacco memo.

The tobacco industry in recent years has been repeatedly embarrassed by internal documents contradicting its public stands on the dangers and addictiveness of smoking. But the price-fixing memos. which surfaced to a suit against the industry by the state of Washington, appear to be the first to reveal the existence of sweeping anti-competitive deals.

The secret agreements are in marked contrast to the public display of competition between the two cigarette makers. And with robacco companies increasingly seeking their fortune outside the United States, the documents provide an unusual glimpse of clandestine cooperation on a wide frontier and raise questions about their marketing practices around the world.

Dating from 1988 to 1992, the documents reveal that the two companies very carefully rigged the entire Latin American market." said Jon Ferguson, senior counsel for the Washington attorney general's office.

But while activities described in the

memos would be plainly illegal if car-

ried out in the United States, the legal

ramifications are less clear in the coun-

tries where they occurred.

banned under Argentina's laws during the time of the Argentine agreement, and that Panama and Costa Rica had antitrust provisions in their constitutions. But Elizabeth Cho, a spokesperson for Philip Morris International, said she

Mr. Fergusoo said preliminary re-

search showed that price fixing was

believed that the company had done nothing wrong. "Since we must comply with local laws and regulations in every country in which we do business. we expect that there has been no improper conduct in the countries that you have referenced," she said. ■ Cancer Society Plans Ads The American Cancer Society has

begno a S5 millioo television adver-

tising campaigo assailing the tobacco

industry's \$50 million, five-mouth ad

barrage that helped sink national to-

bacco legislation in June. The Wash-

ington Post reported. While lawmakers have declared the anti-smoking legislation dead for this year, cancer society officials said Wednesday they were mounting the campaign to "set the record straight" and remind the public that smoking "is the single most preventable cause of death and disease.

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#### INTERNATIONAL HERALD TRIBUNE, FRIDAY, SEPTEMBER 18, 1998

# THE AMERICAS Congressional Democrats Disregard Polls as They Abandon President By Richard L. Berke New York Times Service WASHINGTON — Mark Mellman, a leading Washington — Mark Mel

them that the White House scandal will not damage their own prospects in November. But they won't listen.

There is disbelief," Mr. Mellman said of Democratic lawmakers.

They say, 'Are you crazy?' or, 'Certainly that may be true today, but I don't think that's where it's going. There is, 'All I hear on television and read in the newspaper is how this is killing us!

When President Bill Clinton first admitted to his sexual relationship with Monica Lewinsky last month — and that he had lied about it — most Democrats hewed to a unified message. They said that the president's conduct was deplorable but that be had admitted his mistakes and now it was time for the nation to put the matter to rest and focus on "real" issues like bealth or education.

Rather than sticking to their original statements, many Democrats have revised and amplifted their own remarks, scolding Mr. Clinton not just for his behavior and his

handling of the affair, but for how the whole matter could threaten ANALYSIS

Democrats in November. Few Democrats have publicly ruled out the possibility of impeachment - and almost no promment lawmaker in the party has publicly offered an unsparing defense of the president.

Representative James Moran, Democrat of Virginia, raised the prospect Wednesday that Mr. Clinton could be impeached on perjury charges. "I think the president would help himself a great deal if he would get off this business of saying one thing in public and having his lawyers do another thing in court," be said,

try," he said. "And that hemorrhaging - he's got to stanch that flow. I'm just not creative enough to think of a way other than resignation

that would do that. But maybe he can."

So much for the maxim that polinicians live by the polls - or the advice of their handlers. Instead of behaving like weather vanes, some lawmakers seem more like weather forecasters these days.

There are a number of explanations for why Democrats are disinclined to follow a partisan script. For one thing, they want to inoculate themselves. If they criocize Mr. Clinton now, they will not appear out of step if and when public opinion turns against him. In addition, many Democranic lawmakers have told advisers that they feel personally betrayed by his assurances that he did not have an affair, and there has never been a reservoir of loyalty for Mr.

are hlaming Mr. Clinton for their troubles when the reality is that they would have been in oght races even if no one had heard of Monica Lewinsky. But those politicians are stoking fears among their colleagues that the scandal is causing massive electoral reverberations.

Particularly striking is the roster of lawmakers in Mr. Clinton's own party - notably senators - who have not hesitated to publicly lambaste him. They include Senators Dianne Feinstein and Barbara Boxer of California; Daniel Patrick Moynihan of New York; Joseph Lieberman of Connecticut; Boh Kerrey of Nebraska, Joseph Biden of Delaware, Boh Graham of Florida, Ernest Hollings of South Carolina and John Breaux of Louisiana.

Many Republicans are also neglecting advice from strategists that they keep their focus on the ton's grand jury testimony.

It could be, too, that poliocians are not just driven by polls or hy political calculations. Perhaps some should be given credit for speaking out harshly against the president for reasons of

personal conscience For now, the Democratic Party is struggling to calm its rattled candidates. The Democraoc Congressional Campaign Committee released a survey Wednesday that it had commissioned to show that despite the scandal, Democrats are maintaining leads in 10 of the most competitive

"What these numbers tell us is that there's no need to panic," said Dan Sallick, a spokesman for the committee.

But, as Mr. Mellman learned, many Democrats on Capitol Hill seem pass the point of panic.

### Chairman Of House Panel Admits to '60s Adultery

By Howard Kurtz Washington Post Service

WASHINGTON - A bitter new sexual controversy has erupted on Capitol Hill as Representative Henry Hyde, the Illinois Republican who is chairman of the Judiciary Committee, acknowledged to a left-leaning magazine that he had a five-year affair with a married woman in the 1960s.

He made the admission after the online magazine Salon, which has relent-lessly attacked the independent counsel Kenneth Starr, told his office that it was publishing details of his affair with a

former beauty stylist, Cherie Snodgrass, Mr. Hyde, 74, who would head any inquiry into impeaching President Bill Clinton, is the third Republican lawmaker in two weeks to acknowledge an affair after being confronted by a jour-

"The statute of limitations has long since passed on my youthful indiscre-tions," Mr. Hyde said in a statement. "Suffice it to say Cherie Snodgrass and I were good friends a long, long time ago. After Mr. Snodgrass confronted my wife, the friendship ended and my marriage remained intact.

"The only purpose for this being dredged up now is an obvious attempt to intimidate me, and it won't work. I intend to fulfill my constitutional duty and deal judiciously with the serious felony allegations presented to Congress in the Starr report."

Both the White House and Salon flatly denied that any administration staffer was involved, and Mr. Clinton's depoty chief of staff, John Podesta, called Mr. Hyde with the same message.

A Florida retiree confirmed Wednesday night that he had passed the alregation to Salon without the administration's involvement. But in an environment already made tense over the Monica Lewinsky investigation and Republican jitters about White House counterattacks, the 30-year-old affair quickly became a political flash point.

David Talbor, the editor of Salon who

**####** 

was also the anthor of the Hyde piece, said he bad published it because "the Starr report and enemies of President Clinton have rewritten the rules. Once Starr submitted a report filled with noth-ing but a sexual relationship, then his supporters — people sitting in judgment of the president — are fair game. Hyde has been built up so much in the press as this august figure, a great statesman."



Representative Henry Hyde being questioned by reporters on Capitol Hill.

Mr. Podesta said he had told Mr. Snodgrass was 29. Her former husband. Hyde that if anyone at the White House had any involvement with the story, 'they'd be fired immediately." Mr. Podesta added: "We've been sonjected to this ugliness ourselves and know how painful it is.

Ironically, Mr. Hyde issued a memo. to Judiciary Committee members Monday about news reports that Mr. Clinton's allies "may be attempting to col-lect" and disseminate derogatory personal information about members of Congress" as part of a "'scorched earth' policy.

Mr. Talbot said Salon learned of the allegation from Norm Sommer, a Florida retiree and lifelong Democrat who is a friend of Mrs. Snodgrass's former husband. Mr. Sommer did not disguise his partisan motivation, saying in an interview that he was outraged over the Lewinsky investigation and what he called a campaign to get this president."

'There's no statute of limitations on Henry Hyde," Mr. Sommer said. "He's the higgest phony in Washington, the icon of moral rectitude. Why should this guy be a de facto judge on whether there should be impeachment when he's guilty of an adulterous affair?"

Mr. Sommer said he had called 57 journalists over six months in an effort to publicize the story Mr. Snodgrass had told him. Mr. Sommer said that he also called the White House and Democratic National Committee for guidance but that "nobody would speak to me."

According to Salon, Mr. Hyde's affair began in 1965, a year before be was elected to the Illinois Honse. Mr. Hyde, who was married, was 41, and Mrs.

struggles also reflect a series of internal

miscommunications, ideological differences, political timidity and even elements

of racial tension among those charged with carrying out the initiative. The effort was

further hampered when the president's expected lead role was eclipsed by the Monica

Clinton's at Stanford

PALO ALTO, California — Kenneth Starr, the independent counsel, is helping his daughter settle in as a first-year student at Stanford University, where Chelsea Clinton is about to start her sophomore year.

Mr. Starr, his wife, Alice, and their threater Carplym arrived. Wednesday.

daughter, Carolyn, arrived Wednesday night and checked into the Cardinal Hotel,

where they reserved a one-bedroom suite

Mr. Starr would not comment on his invesogation of President Bill Clinton, but

said he was "just delighted" that his dangh-

saying that they do not make public in-formation that might invade a student's

University officials had no comment,

for three nights.

ter would attend Stanford.

Fred, gave Saloo two photographs of Mr. Hyde with her. One was inscribed, "I love you Cherie!!!!" and signed "Hank, Dec. 30, 1966."

Mr. Spodgrass, a former Chicago furniture salesman, said in an interview that Mr. Hyde was a "superhypocrite" who broke up his marriage. "He had an affair with a young woman with three little children; 'said-Mr. Spodgrass; 76. 'At-least the president picked on a single

former wife and later set her up in an

Cherie Soskin and living in Texas, said that Mr. Hyde - whom she called Hank — said that he was single. The Associated Press reported, citing the San Antonio Express-News. Mrs. Soskin, 62, said she had started divorce proceedings and was no longer living with Mr. Snodgrass when the affair with Mr.

[She charged that her former husband was publicizing her affair with Mr. Hyde to seek revenge.

["He was a hlamer," she said. "He

Mr. Clinton, Representatives Dan Bur-100 of Indiana and Helen Chenoweth of Idaho, have acknowledged extramarital affairs in the last two weeks after being confronted by newspapers in their

### Jones Lawsuit Again Threatens Clinton

#### Her Lawyers Plan to Cite Starr Report in Appeal Against Case's Dismissal

By Neil A. Lewis New York Times Service

WASHINGTON -- The Paula Jones lawsuit that is at the heart of the charges leveled against President Bill Clinton by the independent counsel Kenneth Starr is re-emerging to pose new polinical and legal threats to the president, according to wyers in and outside the White House.

A judge in Little Rock, Arkansas, dismissed the sexual-misconduct suit in April. But a federal appeals court in St. Paul, Minnesota, that is set to hear arguments next month on whether to reinstate the lawsuit will now he asked to consider Mr. Starr's charge that Mr. Clinton lied when he resuffed that he had not had sexual relations with Mnnica Lewinsky

Mrs. Jones's lawyers said Wednesday they are preparing a hrief that will argue that Mr. Starr's report to Congress on possible impeachable offenses said to have been committed by the president provides strong grounds to overturn the dismissal of the lawsuit.

John Whitehead, president of the Rutherford Institute in Charlottesville, Virginia, and one of Mrs. Jones's lawyers, said her legal team was poring over the Starr report and using parts of it to prepare its final brief, due next week. In particular, Mrs. Jones's lawyers expect to use the accusation in the Starr report that Mr. Clinton lied when he testified under oath in the Jones lawsuit in Janu-

relations" with Ms. Lewinsky. "The Starr report, obviously, will be part of our argument, Mr. Whitehead said.

White House officials and lawyers said this week that they were grimly anneipating that the three-judge panel of the 8th U.S. Circuit Court of Appeals would overtum the dismissal ruling and order that Mr. Clinton face Mrs. Jones in That would force them to go to trial

on Mrs. Jones's contendon that Mr. Clinton deprived her of her consorutional rights when, by her account, he had her summoned to a hotel room in Arkansas in 1991, when he was the governor of Arkansas, and made a crude

Some White House officials have discussed whether Mr. Clinton should seek to settle the suit before the appeals court rules, but a senior presidential adviser said Wednesday that such an opoon was In dismissing the lawsuit in April,

Judge Susan Webber Wright ruled that even if Mrs. Jones's account were accurate, it would amount only to boorish behavior on the part of Mr. Clinton and would not support a legal claim of sexual harassment.

Leland Ware, a law professor at the University of St. Louis, said that Judge Wright's ruling would be difficult to overcome on legal grounds. Nonetheless, Mr. Ware, an authority

ary that he had not engaged in "sexual on the 8th Circuit and sexual-harassment law, said the nonon that Mr. Clinton may have lied in the lones deposition could well influence the appeals court. "Every case has its atmospherics be-

yond the strict legal issues that can have an effect on the outcome," he said. Especially a case of high visibility like

In addition, Mrs. Jones's lawyers probably will ask the appeals court to order a new trial on the basis of Rule 60 of the Federal Rules of Civil Procedure. which calls for a judicial ruling such as the dismissal of the Jones lawsuit to be set aside in cases of fraud or misrepresentation.

Since giving his deposition in the Jones lawsuit Jan. 17, Mr. Clinton has acknowledged having engaged in inappropriate physical acts with Ms. Lewinsky and having sought to conceal their

But to the consternation of many of Mr. Clinton's supporters, the president has maintained the position that he testified truthfully in January and that his denial that they had had sexual relations was "legally accurate" although misleading. The argument is based on the premise that his answer was based on an explicit definition of "sexual relacons" that Judge Wright approved that day. Mr. Clinton testified that under his interpretation, oral sex performed on him by Ms. Lewinsky did not amount to

### oman." He said Mr. Hyde "conned" his Down in Texas, Doubts

#### apartment. "He was a good-looking guy, spent a lot of money on her, took her places," Mr. Snodgrass said. Make White House Less Palatable The former Mrs. Snodgrass, now Make White House Less Palatable

AUSTIN, Texas — Governor George Bush of Texas says the scandal involving President Bill Clinton is depressing and

has left him woodering if he wants to seek the presidency. Mr. Bush, a son of former President George Bush and a possible candidate for the Republican nomination in 2000, told the Austin American-Statesman that the scandal was bad for the country. But he declined to call for Mr. Clinton to resign. "The process in Washington is a sullied process, and I take no joy in any of this going on." Mr. Busb said. "It's not good

Mr. Bush, 52, has admitted to committing his own youthful could never accept responsibility for his indiscretions but has never disclosed what they were. He has own actions and blamed everything on said he used to drink heavily but stopped in 1986.

He said the Clinton scandal had underscored his concern Two leading Republican criocs of about the difficulty of living in what he calls the "bubble" of

security and public scrutiny enveloping a president.
"I think running for president is a commitment to the bubble," he said, "and I've got to make up my mind at the right time if that's what I want to do. Is this something I want to put my family through?"

Mr. Bush, who is seeking re-election in November and has a big lead over the Democratic candidate, Garry Mauro, a Clinton ally, said it was up to Mr. Clinton to decide if he wants to quit or face possible impeachment for the affair and for lying about it. "He is going to have to ask how effective he is as the president of the United States," Mr. Busb said. "I'm certainly not going to be out here on the sidelines chirping away, giving him advice."

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#### POLITICAL NOTES

#### Report by Race Panel Expected to Be Bland

WASHINGTON — In the beginning, there was no staff, no concrete plan and no tangible goal, only President Bill Clinton's expectation that his Initiative on Race would help bridge the U.S. racial divide and carve him a special place in history.

But as the president's seven-member race panel prepares for its crowning event

race panel prepares for its crowning event Friday, the publication of its report, the soaring hopes that once accompanied its work have been mostly abandoned.

The report promises to significant new policy thrusis. The set of proposals expected to be forwarded to the president ither restates recommendations or endorses initiatives already embraced by the Clinton administration. And now, 15 months and 300 meetings after it began many of those who have followed the commany of those who have followed the command the command that is the meetident is to mission's work say that if the president is to leave a lasting legacy on race, it will not be reflected in the work of this initiative.

The story of how the race initiative has

come to engender fast-shrinking expectations is in many ways testament to the problems posed by the issue of race. But according to commission members and others who have followed its work, the group's privacy.

### **Away From Politics**

 Alejandro Jose Grant hanged himself in a Maryland prison cell two days after he was sentenced to life imprisonment for was sentenced to life imprisonment for Ishooting a woman to death after her car accidentally bumped his hicycle. He had asked for the death penalty, saying he didn't asked for the death penalty, saying he didn't (WP) Treally feel like living."

(WP)

(WP)

 The parents of a Utah man killed in a New York subway robbery accepted a \$300,000 settlement in a wrongful death suit because of "archaic" state laws limiting the amount of awards, their lawyer said. (AP)

#### Lewinsky Tries To Sell Her Story

Washington Post Service
WASHINGTON — Five publishers said they had been approached by a representa-tive for Monica Lewinsky about a possible deal for a memoir.

A publisher said Wednesday that he had rejected the book. 'I'm as big a whore as anyone, but I'd rather die first," the executive said.

Judith Regan of Regan-

Books said the former White House intern's story was no longer as valuable because 'so many details have come

Ms. Lewinsky's represen-tative would not comment.

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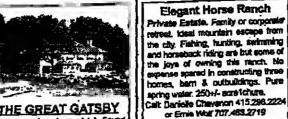
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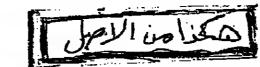
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#### **EUROPE**

### \*Albanians Seeking to Strip Berisha of Arrest Immunity

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TIRANA, Albania — A legislative commission recommended Thursday that Sali Berisha, the main opposition leader in Albania, be stripped of his immunity against arrest.

This was seen as the first procedural step toward detaining the former president on charges of fomenting riots after the slaying of an ally.

The chairman of the commission, Spartak Braho, said the measure would have to be voted upon by

the full Assembly oo Friday.

The decision was made as Mr. Berisha continued urging his followers to organize more protests to

demand the resignation of his arch-rival, Prime Minister Fatos Nano. About 2,000 or more Democratic Party sup-

poners gathered again Thursday 10 condemn the government, and Mr. Berisha assailed Mr. Nano as the champion of corruption in Europe." Others were prevented from joining the protest hy police roadhlocks at key intersections, pur-

portedly set up to check for weapons. The marchers, who appeared to be unarmed, walked along a road close to the Interior Ministry.

passing special police units without incident. Western powers fear that the violent confrontation between Mr. Berisha and Mr. Nano that erupted in the last week could worsen if Mr. Berisha is arrested on charges of seeking to overthrow the

ternational officials, the legislative commission

During an afternoon meeting attended by in-

decided against removing the immunity of five of Mr. Berisha's allies pending further evidence. Mr. Berisha and his five fellow deputies refused to attend the meeting, saying that they already

considered the outcome a foregone conclusion.

Mr. Nano's Socialists dominate both the commission and the Assembly, and it was expected that the full chamber would go along with the rec-

A government source said there was pressure from international officials to come up with a lesser charge against Mr. Berisha in order to avoid further

Mr. Berisha has dismissed the Nano government's plan to prosecute the alleged plotters of a coup that plunged the capital into chaos on Sunday and Monday.

Seven people were killed and 76 were "This is an act of madness and real national

betrayal which shows the determination of Fatos Nano to destroy the opposition and the whole of Albania," Mr. Berisha said of the plan. Under Albanian law, the charge of armed nprising carries a sentence of life imprisonment or the

death penalty. A decision to arrest Mr. Berisha would have to come from the state prosecutor's office rather than from Parliament, Mr. Braho said.

Albania, where Mr. Berisha has strong support. The Lezha two weeks ago damaged the local office of police said a gang of about 80 men, armed with Mr. Nano's Socialist Party. (AP, AFP, Reuters)



An Albanian soldier, masked against retaliation, guarding a checkpoint Thursday on the outskirts of Tirana as thousands called on Prime Minister Fatos Nano to quit.

grenades and assault rifles, attacked a bank and police station in Lezha, north of Tirana. Three of the attackers died in battles with the olice and several were wounded, according to an

Meanwhile, new unrest was reported in northern Interior Ministry spokesman. An explosion in

### Bosnia Vote Results Held Up

### Monitors Are Manipulating, Extremists Charge

SARAJEVO. Bosnia-Herzegovina - International officials refused Thursday to make a severe blow to international efforts to build public any results from the Bosnian national a stable, multiethnic state. elections, ignoring allegations from extremist parties that they were trying to manipulate the outcome of the voting last weekend.

"We are not going to make judgments based on 60 percent, or 40 percent, of counted ballots," said Nicole Szulc, spokeswoman for the Organization for Security and Cooperation in Europe, which ran the election. "The only results that will matter are the final results," she said, which are expected in a few

Roben Barry, head of the organization in Bosnia, said results would probably be announced Wednesday or Thursday — at least 10 days after the voting.

Mr. Barry dismissed the conclusions of an official report alleging that the polls were marred by serious administrative problems, saying that "computer breakdowns" were to blame for the problems that were highlighted in a repon co-authored by his organization. the European Parliament and the Council of Europe.

He said the technical glitches affected only 2 percent to 3 percent of the Bosnian electorate in the polls, the country's second since the 1992-95 war.

Extremist parties have claimed victory, based on reports from party monitors who watched the counting at precinct level after Luka.

two days of voting, which ended Sunday. If the claims are true, the outcome would be

It could also raise doubts about the effectiveness of the international effort that has sought to rebuild the country since the 1995

Dayton peace accords. The most closely watched contest, involving the re-election hid of the Bosnian Serh president, Biliana Playsic - a moderate backed by the West - has generated conflicting claims about whether she won or

Hundreds of flag-waving Radical Party supporters took to the streets of Pale and other towns in the ethnic Serbian half of Bosnia on Wednesday night to celebrate what they said was Mrs. Playsic's defeat by an extremist, Nikola Poplasen.

A Western diplomat in Sarajevo said both sides were creating circumstances to declare

the elections void in case of defeat. Ms. Szulc dismissed reports spread by various parties in Bosnia of their victory.

She said that the ballot counting was complicated and that there were some 200,000 ballots in envelopes that have not yet been

Releasing preliminary figures would only add to the dispute about who really won." Mr. Barry said at a news conference in Banja

#### BRIEFLY

#### Kohl Promises East Better Times

DRESDEN - Chancellor Helmut Kohl on Thursday assured East Germans, who may be key in deciding the outcome of the general election Sept. 27, that things were really going.

to get better.
Mr. Kohl's Christian Democrats and the Social Democrats who hope to unseat them have redoubled their efforts to attract voters in the unemployment-hlighted and depressed East that

is seen as the crucial final battleground of the campaign. Addressing a congress of bankers who refrained from the heckling and booing he has endured at public rallies, Mr. Kohl -said the "flourishing landscapes" he promised years ago were taking shape. "Of course, it is hard but we are on course and we have every chance, and must use them," he told the audience in Dresden's Palace of Culture.

Mr. Kohl's Christian Democrats have narrowed the Social Democrats' lead in opinion polls to 3 percentage points, but in the East, where voters shift party allegiance more readily, he trails by about 10 percent.

#### Errors Cited in '97 Near-Collision

LONDON — Investigators blamed Thursday errors by a pilot and air traffic cootrollers for what was nearly a midair collision between a Japan Airlines Boeing 747 and a business jet near London last year.

The jumbo jet, bound for Heathrow Airport with 288 people aboard, flew less than a mile from a Gulf Stream IV, with five aboard, in a thick cloud above Lambourne, 50 miles (80 kilometers) west of London, the Civil Aviation Authority said.

The incident, which took place oo July 3, 1997, was attributed to failure of the Japan Airlines pilot to desceed to the level instructed by air traffic controllers, and controllers not handling flight paths properly, according to the anthority's report. The pilots of both planes took action to avoid a collision only after onboard warning systems were triggered, the report said.

#### Rainfall Worsens Belgium Floods

BRUSSELS — Low-lying areas across Belgium struggled through a fourth day of rain, floods and evacuations Thurs-

day.

The Belgian meteorological service declared days of record rainfall a "disaster," clearing the way for the government to provide special relief for those with water knee-high in their

homes and no insurance to pay for the damage. Soldiers helped reinforce dikes or breach others to divert water away from residential areas as rain fell again in many

#### French Cohabitation Bill Assailed

PARIS — The Roman Catholic Church condemned Thursday the French government's decision to introduce a law that will grant unmarried people living together the same social

and tax rights as those enjoyed by a married conple.

In a statement, the French Bishops' Council warned that the so-called 'civil solidarity pact' could undermine the fabric of society and said homosexuals must not be given the same legal

privileges as a man and his wife.

Justice Minister Elisabeth Guigou said that the bill would bring the law into line with modern life in France, a Roman Catholic country where more than 2 million couples, both gay and heterosexual, live together unmarried.

#### English Activists Free 8,000 Mink

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ONNELEY, England — Animal rights activists freed nearly 8,000 mink from cages at a breeding farm Thursday, marking the second such action in Britain in as many

The police issued an alert after the animals, bred for their pelts, were freed from a farm in Onneley, Staffordshire. Most of the mink stayed in the farm compound, but the police said 2.000 had escaped into the countryside.



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### Dissidents in Beijing Rebuffed on New Party

#### Slight Encouragement in Provinces No Guide

By Elisabeth Rosenthal New York Times Service

BEIJING — Just days after dissidents in several parts of China met with small but encouraging signals when they applied to form a political party, their counterparts io Beijing encountered a different fate this week: Two dissidents who were about to submit a similar application to the Beijing government were detained and questioned by the local police and told not in turn in their

Ren Wanding, a veteran acrivist who has spent more than a decade in prison, was taken from his house Thursday afternoon for questioning and returned home late in the evening. Ma Shaohua, a student leader of the 1989 protest in

Tianammen Square, was detained for four hours Wednesday night.

"Several of us had decided to go tomorrow to apply to form a party," Mr. Ren said in a phone interview after his release. "They told me I couldn't go." In the last week and a half, three

groups of dissidents have applied to form a local branch of what they call the China Democratic Party. Dissidents from various parts of the

country have wrinen the party's bylaws, which stress such principles as the election of officials and a regard for human rights. The bylaws also stress cooperation with Presideot Jiang Zemin and the ruling Communist Party.

There has not been a new party since the founding of modern China in 1949 and, since there is no clear mechanism for such an act, the dissidents are trying in register their new party as a social organization.

Two of these groups, one in Shan-dong and one in Hubei, last week got what they regarded as slightly encouraging responses from local officials, who implied that such an application might be considered as long as a few conditions were met. These were a moderate registration fee, a specified headquarters and a list of the local party's leaders and members.

Three months ago, in Zhejiang Province, a similar request resulted in weeks of imprisonment for the applic-

Dissidents and scholars wondered

change in government policy, dissent in the government about how to handle such requests or an effort to put oo a good face for Mary Robinson, the United Nations human rights commissioner, who visited here last week.

The detentions Thursday suggest that there has been oo relaxation of central

Yao Zhenxian, a Shanghai dissident who was considering applying to form a party in that city, was also detained. according to the Information Center for Human Rights and Democracy in China, a Hong Kong group. A group of dissidents from the three northeastern provinces has mailed a similar application to the Civil Affairs Ministry in

Beijing.

Mr. Ren suggested that perhaps the application had been received more kindly in the provinces because security in Beijing tends to be particularly tight. "Perhaps the difference is that this is the capital," he said.

#### UN Food Aid After Floods

The UN World Food Program said in Rome oo Thursday that it planned its first emergency relief operation in China to help feed more than 5 millioo flood victims, Reuters reported.

The worst flooding since 1954 has killed more than 3,000 Chinese, left millions homeless and caused damages estimated at \$20 hillion, according to official figures.

"The scale and severity of the floods in China have far exceeded the government's normal response mechan-

isms," said the program's deputy ex-ecutive director, Namanga Ngongi. The four-month relief operation will cost more than \$87 million, the organization said.

The plan, which must be approved by directors of both the World Food Program and the UN Food and Agriculture Organización, is expected to provide 247,214 tons of rice.

The organization said it would provide free food to flood victims for the first month of the operation. "When the floodwaters dry up about

mid-October," the organization added, it will pay half the victims in food to construct shelters, restore drinking water facilities, clear land and rehuild roads, among other projects.



A Beijing painter sprucing up the Tiananmen Gate, next to Mao's portrait, for celebrations of the revolution.

### Malaysia Restricts Singapore Flights

KUALA LUMPUR — Malaysia said Thursday that Singaporean military and rescue planes were banned from its air space starting Friday, in a move that intensifies the diplomatic wrangle that has engaged the neighboring Southeast Asian countries for weeks.

The Defense Ministry said that caseby-case permission was oeeded for Singapore's military flights that previously had blanket approval.

"It is not an easy decision," the defense minister, Hamid Albar, said. 'It was taken in the best interest of

Mr. Hamid denied that the move was retaliation for the memoirs published this week by Singapore's most powerful man, the senior minister, Lee Kuan Yew, which has outraged Malaysian politicians. In the book, Mr. Lee accused Malaysian leaders of the 1960s of corruption and of inciting race riots.

In its announcement, Malaysia said the ban included military jets from Paya Lebar Air Base heading across southern

South China Sea, jets passing into Malaysian air space as they take off from

Tengah Air Base, and search-and-rescue planes flying above Malaysian territory. The previous arrangement, with one country's military aircraft flying at low altitude over another without warning, was highly unusual.

The change was 'just a case of a nation's asserting its sovereignty,' said Prasun Sengupta of the Malaysia-based Asian Defense Journal.

He said Singapore military aircraft could file a flight plan and receive pernission from Malaysia within a few hours, as is standard with other countries. Prime Minister Mahathir bin Mohamad was qooted by the Bernama press

agency as saying the decisioo was "permanent, not temporary." He added that it was a way for Malaysia to "take back our territory bit by

bit." The two countries were merged for 23 mooths from 1963-65. Mr. Mahathir also acknowledged that

Mr. Lee's book had hurt Malaysian-

Singaporean relations, but he denied that it prompted the decision on the flights.
"We decided oo this much earlier,"

Relations between the two countries have had their ops and downs. But in the past weeks, acrimooy has been so sharp that Singaporean athletes were booed by the Malaysian crowd during the Commoowealth Games. Malaysia withdrew from recent mil-

itary exercises with Singapore, the United States, Britain and Australia. Singapore's Defense Ministry said its air force "has alternative arrangements to ensure that its operational effective-

ness is oot compromised and that its

training will not be affected." Singapore is a defense-conscious state that has to train its pilots in Australia and the United States because it is

"I think this will be seen rather more seriously in Singapore than in Malay-sia," Bruce Gale of the Political and Economic Risk Consultancy, a regional newsletter, said of the flight ban.

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#### Prison for Suharto Is Called Possible

JAKARTA justice minister on Thursday said former President Suharto, whose family and associates built up fortunes during his 32-year rule, could face jail if found guilty of abuse of power.

It was the first time that the government has said Mr. Suharto, who was forced to step down in May amid growing violent protests, could go to prison.

"Our side is confident that there is the possibility of Subarto's being jailed if proof of criminal acts and abuse of power is found," Justice

Minister Muladi told reporters.

He announced that the governmeot was setting up a second team to look into Mr. Suharto's assets, focusing on those allegedly stashed overseas. The first team, examining Mr. Suharto's domesne wealth, was announced Wednesday.

#### Seoul Opposition Threatens to Quit

SEOUL - Legislators of the largest opposition party in South Korea threatened Thursday to resign en masse to protest what they said was political suppression by President Kim Dae Jung.

The lawmakers' anger stems from efforts by prosecutors to arrest or question eight opposition mem-bers on charges of taking bribes from husinessmen in the presidential campaign last year. The prosecutors have denied that the inves-

tigation is politically motivated.

The Grand National Party accused Mr. Kim of using an anticorruption campaign to break up the party, which has 138 legislators.

#### For the Record

Pakistani police arrested at least 200 people Thursday in a crackdown on rival Islamic groups engaged in an ongoing feud that has left scores of people dead throughout the country.

(AP)

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### INTERNATIONAL Kabila's New Offensive Likely to Prolong Chaos in Congo

By James Rupert

KINSHASA, Cougo — Two weeks after Laurent Kabila, president of the Democratic Republic of Congo, and his foreign allies turned back an offensive on Kinshasa by ethnic Tutsi rebels and their foreign allies he is pressing a new military offensive in the east and dismissing

any idea of negotiating with his foes.

At the same time, feeling strengthened by his military success and popular support for his fight against a rebellion backed by Rwanda and Uganda, Mr. Kabila appears to be ignoring calls from Con-golese for a broadening of his 16-month-old government. Notably, his government is preparing to tighten its control over this

Mr. Kabila is urging Angola and Zi-mbabwe — two of the handful of African nations that came to his aid in the weeks after the rebellion broke out Aug. 2 - to help him mount an offensive in eastern Congo to drive out the rebels and their Ugandan and Rwandan backers. He reportedly is recruiting and rearming thou-sands of ethnic Hutu Rwandans who have

year's main political event in Congo: the claboration of a new constitution.

With these initiatives, military and seize power. Those natious retained influence and provided support in Congo until this summer, when the breakup of that coalition effectively divided Congo into spheres of foreign military influence. That, plus Mr. Kabila's inability to form a solid domestic political base, risks furthering what has been a slow dissolution of Central Africa's largest

state, several analysts said.
On July 28, Mr. Kabila ordered
Rwandan troops still stationed here to go home. Within days, Rwanda and Congolese Tutsis, joined by Uganda, launched a war to onst him. They flew been living in eastern Congo since 1994. troops across Congo to the Atlantic coast
Last year, Mr. Kabila relied largely on and marched to the edge of Kinshasa

with startling speed. But when Mr. Kab-ing Hutti militants, said a European dipila got Angola and Zimbabwe to back him with troops and planes, with Namibia and Zambia also providing support, the reversal was just as fast.

In the two weeks since Mr. Kabila and his allies dispersed the offensive on Kinshasa, fighting has been scattered and inconclusive. But diplomats said Mr. Kabila's military is working to organize

Rwandan Hutus. Those Hutus and tens of thousands of civilian refugees fled Rwanda during the fighting in the 1990s and are scattered in Congo, the Congo Republic, the Central African Republic and Angola. Mr. Kabila "is getting them weapons to let them carry the war back into Rwanda," where the Tutsi-dominated government is fight-

lomat. He said the result "would be a humanitarian and political catastrophe.'

■ Zambia's Diplomatic Shuttle

President Frederick Chiluba of Zambia is planning a diplomatic sbuttle to the capitals of Rwanda and Uganda as part of regional efforts to try to end a war in the Democratic Republic of the Congo, Reuters reported from Johanneshurg

Diplomats and government officials said Thursday that Mr. Chiluba's mission for talks with President Pasteur Bizimungu of Rwanda and President Yoweri Museveni of Uganda was part of moves by the Southern African Development Community to secure a ceasefire in the strife-torn Congo.

Dissidents Defy Junta

Continued from Page I

powerful Bnddhist hierarchy and from

some much-respected retired military

men, who have issued statements sup-

porting Daw Aung San Suu Kyi's call for a dialogue with the leadership.

Several of the ethnic insurgencies that have reached cease-fires with the government have also recently made state-

Recent weeks have also seen what may

be the reawakening of an active student

movement, traditionally the foundation

of protest in Burma. For more than a

month small groups of students have reportedly staged hit-and-run rallies in

the capital, Rangoon, sometimes distrib-

uting leaflets before quickly disbanding. The All Burma Students Democratic

Front, an exile group based in Thailand, said that four high school students ar-

rested in connection with a demonstra-

tion Sept, 9 had been sentenced Wed-

nesday in Burma to five years in prison.

"The students are the unknown quo-tient here," Mr. Silverstein said. "I don't know how well they are organized;

nobody knows. They demonstrated 10

years ago that they could organize secretly to the point of being quite effective." As a protective measure, au-

thorities have closed all universities

since the last student demonstrations in

As the country's economy has

worsened, with inflation and unemploy-

ment rising and food sbortages emerg-

ing, diplomats and other residents say,

the patience of many people with the

military rulers may be wearing thin.

'The rank and file as well as the

leadership of the NLD has simply

reached the point where they are not

prepared to see time just continue to drag

on, year after year, with the government

aside and create a multiparty democ-

Any possible tactical debate within

the military leadership seems to have

been won, for now, hy hard-liners who

appear determined not to compromise

with the opposition even if it means

driving their country further into inter-

national isolation, several analysts said.

junta who see the benefits of a more

subtle approach, said Bertil Lintner, a

journalist who is the author of several

books on Burma. "But the hard-liners

think, the hell with that. The moment

they sit down and talk with Aung San

Suu Kyi it's almost like admitting defeat.

Talking, discussion, dialogue — this is

There may be members of the ruling

racy," a diplomat said.

again have the last word.

December 1996.

**BURMA:** 

ments in her support.

### Out in Space, Mystery Force Is Baffling to Top Scientists

By Malcolm W. Browne

NEW YORK - For 19 years, space scientists, astronomers and physicists have been scratching their heads in search of an explanation for a mysterious force that seems to be pulling spacecraft in the direction of the sun.

· A team of investigators has now announced that, after examining and ruling out most of the possibilities they could think of, the mystery remains unsolved. This means, they said in a report

accepted for publication in the journal Physical Review Levers, that there is a slight possibility some hitherto unknown phenomeoon might be at work — "new phys-ics," as physicists call such mys-

A much more likely possibility, they acknowledged, is that some error in calculation or observation is responsible for the anomaly.

But hope for something more significant springs elemal. On the rare occasions when experiments or observations have revealed genuinely new physics, discoverers have achieved renown and even won No-

Heading the group of six scientists who studied the anomalous attraction mystery was John Anderson, an astronomer at the Jet Propulsion Laboratory in Pasadena, California.

lu an interview, Mr. Anderson said that he had noticed the peculiar effect in 1980 while analyzing trajectories of two outward-bound and very distant spacecraft, Pioneer 10 and Pioneer 11.

These trailhlazing solar system explorers, launched in 1972 and 1973, are now at the very edge of the solar system — about 68 times for the system in the customer of the system in the customer of the system in th farther from the sun than the 93 million miles (150 million kilometers) separating Earth and the

Besides the two Pioneer spacecraft, two later probes - Galileo, launched toward Jupiter in 1989, and Ulysses, launched into polar orbit around the sun in 1990 — have furnished radio data for the investigation. The trajectories of all four spacecraft have revealed evidence of a weak force that slightly perturbs. their directions and velocities.

The force was discovered by adding up the effects of all other known forces acting on the spacecraft and finding that something unexplained was left over.

Mr. Anderson's investigation, later joined by Michael Martin Nieto, a theorist at Los Alamos National Laboratory in New Mexico. and scientists of Aerospace Corp. in El Segundo, California, and Astrodynamic Sciences Co. in Los Angeles, relied primarily on radio signals transmitted between the spacecraft and ground stations around the world.

Their calculations, made using two independent methods and two different types of radio data, took the following into consideration:

Possible errors in software and hardware used in computer analyses; the gravity exerted by the sun, its planets and the Milky Way galaxy; possible gas leaks from the crafts' maneuvering rockets, errors in planetary motion tables and accepted values of Earth's orientation and motion and possible forces created by radiation from ouboard power reactors.

Other factors considered: a possible drift in atomic-timing clocks used to determine a craft's distance from Earth and the possible gravitational influence of hypothetical dark matter and the theorized particles thought to constitute a significant fraction of the universe's

In contrast with the force of gravity, the strength of the mystery force does not decline proportionally to the inverse square of a spacecraft's distance from the Sun but at a constant — linear — rate. This argues against the force being a gravitational effect of the sun.

Mr. Anderson said a mission to the planet Pluto in the 21st century might shed light on the mystery.

### CLINTON: Hyde Disclosure Roils House

Continued from Page 1

tape would soon be filling American television screens with images said to show a sometimes angry, confrontation-

al and evasive president.
The White House, meanwhile, continued its campaign to shift the nation's attention back to its domestic agenda. Mr. Clinton said he would veto Republican-backed legislation for an \$80 hillion tax cnt unless steps were first taken to shore up the Social Security

"It's an election year and it's pop-ular," the president said of the proposed tax cnt. "But it isn't right "

He said he would veto any bill "that squanders the surplus on tax cuts before we save Social Security.

While support even from members of his own party has grown uncertain, Mr. Clinton maintains a powerful tool to influence the legislative process: his presidential veto.

The White House flatly denied any role in spreading the adultery revelation about Mr. Hyde to Salon magazine (www.salonmagazine.com). But that story, and the impending release of the videotape, left the country bracing for increasingly harsh and bare-knnckled

partisan rhetoric. It came quickly.

A California Republican, John Doolittle, complained of "vicious par-tisan attacks via the news media by individuals who are clearly attempting to intimidate members of Congress."

Analysts said it seemed unlikely a White House operative would have sought to anger Mr. Hyde, a widely respected legislator, at the very moment he was preparing for the possible opening of impeachment hearings against Mr. Clinton. The Starr report outlined I1 possible grounds for impeachment, in-cloding perjury, obstruction of justice,

witness tampering and abuse of power.

Mr. Clinton left Washington on Thursday for a fund-raising event in Ohio, but the shadows of political connati Enquirer repeated a call for Mr. Clinton's resignation, one of nearly 80 newspapers urging him to step down. And a Democratic candidate for the House of Representatives whose district includes the local airport pointedly refused to meet Mr. Clinton there.

Democratic anger with Mr. Clinton's

actions and explanations in the Lewinsky scandal. A longtime Democratic ally, Senator Dianne Feinstein of California, told CNN that she had "respectfully declined" an invitation from Mr. Clinton to discuss the matter with him at

the White House. And with anger resonating through Capitol Hill, a new call for Mr. Clinton's resignation came from a moderate Republican, Representative Marge Roukema of New Jersey.

The president has attempted, none-theless, to pursue what aides have called a "business as usual strategy."

Mr. Clinton began his day in Washington speaking to a predictably friendly group, members of an electrical union,

and received an enthusiastic welcome.
With statements on policy and a broad call Monday for global economic cooperation to fight the spreading financial crisis, he has sought to calm fears about his authority to lead even as prospects for improper heavings appear to be for impeachment hearings appear to be growing. On Wednesday, he had called on Americans to rise above destructive

"I think that the right thing for our country and the right thing for all people concerned is not to get mired in all the details here," he said, in his first encounter with the press since the House of Representatives made the Starr report poblic. The voters, he said, "want me to go on and do my job, and that's what I intend to do."

But Congress has found itself increasingly seized by the Lewinsky matter, On the floor of the House, anger over

the story about Mr. Hyde brought an extraordinary promise Thursday: Leaders of both parties in the House vowed that their parties would not fund campaign advertisements for any candidate that included personal attacks.

Representative Martin Frost of Texas, chairman of the Democratic cougressional campaign committee, said he was appalled by the story about Mr, Hyde, whom be called an bonorable man. Mr. tention accompanied him. The Cincin- Frost said that any member of his committee involved in personal attacks on an opponent would be fired.

His Republican counterpart, John Linder of Georgia, said he suspected the "hidden hand" of the White House in the Hyde story, but promised to warn all Republican candidates against personal That was one of many small signs of smears on their opponents. Personal attacks "unrelated to public

office" are "simply off-limits," Mr. adding, "If the detail isn't necessary, we Linder said. "We are soon going to have no one of any stature willing to put

President Clinton making a point to his friend Bruce Lindsey, center,

and a spokesman, Joe Lockhart, as he walked to his helicopter Thursday

at the White House, beginning a trip to Cincinnati and Boston.

themselves through this wringer.' The Judiciary Committee, meanwhile, was also considering publication of boxes of supplementary evidence provided by Mr. Starr.

Since last week, the committee has studied the 2,600-page appendix to the Starr report, which includes tapes, court tative agreement had been reached not to Starr report. orders, charts and a diagram of the Oval

Republicans were not unanimously in favor of releasing all the evidence, according to sources quoted by The Washington Post. One legislator, Nancy Johnson of Connecticut, said that some details were "not good for our kids,"

don't need to drag ourselves through

But Representative Christopher Cox lican Policy Committee, said: "This is a facts speak for themselves."

make public the most sexually explicit of whole nation rose up against its govthe written documentation provided by emment, the men with the guns may

of California, chairman of the Repubdemocracy, and this kind of proceeding never delivering on its promise to step must be carried out in public. Let the

"There is an agreement between the

### Mr. Starr.

majority and minority staff that there is certain information that should not be in the public domain,"-said Representative Stephen Buyer, an Indiana Republican.

### HAVEL: Czech Leader Bats Away Lewinsky Scandal With Praise for McGwire and Sosa

Continued from Page 1

in the works of Ivan Klima and Josef Skvorecky, among others.

Nearly every contemporary Czech movie has some, usually comic, adul-terous scene. Not long after Mr. Havel married Dagmar Veskrnova in 1997, the new first lady, an actress, appeared fully and frontally nude in a movie playing a character who, at one point, says she will never have anything more to do with

There was more public comment about that line than about the audity and, in any case, there was no condemnation

Billboards in Prague and other cities show copulating couples in advertising for unexciting products like office machines that would prohably stir outrage

in New York. No, the Czechs, a nominally Roman Catholic people, are at least as openly fascinated by sex as Americans. They just do not seem to be ready to hlame or castigate those among them who stumble or fall from grace, whether fictional characters or real politicians.

For example, when Miroslav Macek, the deputy leader of the Civic Democratic Party was asked Monday why no sexual scandal had erupted in the Czech Republic, he answered, "Czechs have not been that terribly estranged from nature as Americans.

The married politician, a national figure who bas never concealed and someimes flaunted his relationships with women, declared, "That men from time to time have women is, fortunately, considered natural here."

One explanation for this high degree of tolerance and a rigid respect of privacy is that under totalitarian communism, private lives were regarded as hallowed refuges.

Jirina Siklova, probably the country's best known feminist and the founder of the gender studies center at Charles University, addressed this theme in an ar-

nicle in January.
"Under socialism," she wrote, "because people could not fulfill themselves in their often meaningless work for the state, personal relationships were even more significant for them than in Westem countries. This is testified to by the high marriage and divorce rates, the widespread sexual promiscuity and the tolerance of extramarital sex, infidelity

Certainly, Mr. Havel's experience in these areas offers a contrast with the "journalistic coup of the postwar million copies — and is read by more the saxophone duet partner, Mr. Clinton.

The postwar million copies — and is read by more than 1.2 in the "journalistic coup of the postwar million copies — and is read by more than 1.2 in the "journalistic coup of the postwar million copies — and is read by more than 1.2 in the "journalistic coup of the postwar million copies — and is read by more than 1.2 in the "journalistic coup of the postwar million copies — and is read by more than 1.2 in the "journalistic coup of the postwar million copies — and is read by more than 1.2 in the "journalistic coup of the postwar million copies — and is read by more than 1.2 in the "journalistic coup of the postwar million copies — and is read by more than 1.2 in the "journalistic coup of the postwar million copies — and is read by more than 1.2 in the "journalistic coup of the postwar million copies — and is read by more than 1.2 in the "journalistic coup of the postwar million copies — and is read by more than 1.2 in the "journalistic coup of the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million copies — and is read by more than 1.2 in the postwar million co his saxophone duet partner, ivii. Children imers. It lost a degree of credibility when than 7 million people every week.

prisoned leading dissident in what was then Czechoslovakia, Mr. Havel's closest friend and confidant was his wife, Olga, whom he had known since 1956 and married in 1964.

It was she who had advised him that when he was being interrogated he should never tell the police anything, 'not even the name of your dog. It was also to her that he wrote from

prison refining his ideas on living in truth and talking truth to power. The correspondence subsequently was published as the book, "Letters to Olga." Until her death of cancer in December

Magazine, "Vaclav and Olga had not been exactly faithful to each other in the romantic sense, but they had been loyal and close in other respects."

Such views of the marriage had circulated within the tiny dissident com- had commanded, Miss Veskrnova was munity, where a record of sexual fidelity had less to do with determining a person's standing than loyalty to each other and a reputation for never cooperating

hut, though Mr. Havel has his enemies, the issue of their relationship was never raised in a political context.

But given the great respect that Olga not part of their political vocabulary."

ad commanded, Miss Veskrnova was He added, "There could be another

pear nude in a film, directed criticism at Soon after Olga's death, Mr. Havei's matters of decorum and housekeeping.

#### 1996, they remained the very best of relationship with Miss Veskmova be-friends. Yet, as the American writer Paul came apparent and its earlier existence Berman wrote in The New York Times .was widely retroactively assumed. She was referred to in the press as his lover

not readily accepted by all citizens. She was the butt of many jokes, and the press, which withheld comment on the propriety of having a first lady ap-

crackdown that would crush the NLD. These guys are fighters who don't know anything about the outside world. They don't care. They are prepared to do totally irrational things like shooting people in the streets, as they did in 1988.

### Reno Says She Has Not Reviewed Starr's Report 'in Detail'

WASHINGTON - Attorney Gen-

eral Janet Reno, the only person authorized to dismiss Kenneth Starr, said Thursday she had not read all of the independent counsel's report citing possible grounds for President Bill Clinton's impeachment. "I've not read it in detail," Ms. Reno

said when asked about Mr. Starr's report, which he submitted to Congress and released to the public Friday, and which listed 11 possible impeachable offenses by Mr. Clinton. "From what I have heard, nobody

said. "They would read it and find out for impeachment. He said she was fathe substance of it and what the issues were, but there are some details that I don't think I bave to read. She did not elaborate on what details

she was referring to, but the report contained descriptions of the sexual acts that Monica Lewinsky, a former White House intern, allegedly performed on Mr. Clinton near the Oval Office.

Ms. Reno's spokesman, Bert Brandenburg, later said Ms. Reno skipped over some of the "graphic evidence" in the report. He said she read an estimated 80 percent or 90 percent of the report, inwould really read it in detail," Ms. Reno cluding the section concerning grounds

miliar with the report's contents, even if whether the House of Representatives she had not read all of it. At her weekly news conference Thurs-

distance from the scandal, which has caused an uproar in Congress and the worst crisis of Mr. Clinton's presidency. Ms. Reno, America's highest legal

official, in January approved Mr. Start's request to expand his investigation into the Lewinsky sex-and-perjury allega-tions. And under the law, Ms. Reno is the only person who may remove an independent counsel from office for 'good cause.'

Ms. Reno said she had no view on Indiciary Committee should release Mr. Clinton's videotaped testimony to a day, Ms. Reno appeared to be taking grand jury investigating the allegations against him. Ms. Reno also said she did not make

any comments during last week's emotional cabinet meeting when Mr. Clinton apologized for his behavior. Ms. Reno said that after the meeting

she "went op to the president and shook his hand and said that I appreciated the opportunity to hear" him. Mr. Clinton responded by thanking ber for attending the meeting, she said.

#### Germany's Stern Fetes 50 Years Mexico Gunmen Slav

BONN — One of Europe's best-known magazines celebrated half a century of scoops and scandals Thursday with the supermodel Claudia Schiffer on its cover and Chancellor Helmut Kohl conspicuous by his absence inside.

The German weekly Stern, famed for its photographs and shamed for the fake "Hitler diaries," marked its jubilee with an issue devoted to how Germans see Germany, starting with the promise of an interview with Mr. Kohl. But the special fold-out cover was

printed before Mr. Kohl read a Stern article about him that annoyed him so much he called off the interview. Stern (the German word for "star") made headlines of its own with the Hitler

diaries in 1983. The magazine paid a fortune for the documents and declared it had secured

they were quickly exposed as fakes. The glossy with a leftist-liberal political stance was founded by Henri Nannen just before creation of a new West Germany whose ups and downs it would chronicle. The first issue appeared in August

1948 but the publishers decided to delay

the juhilee edition and an accompanying party Thursday in Hamburg until after the summer vacation period. Mr. Nannen remained the magazine's guiding force for decades, building up a reputation for both populism and serious

journalism. Mr. Nannen, who died in 1996, was a staunch supporter of Chancellor Willy Brandt's 1970s policy of détente between West Germany and the communist bloc.

Stern claims the highest circulation of any magazine in Europe - about 1.2

### 18 in an Execution

The Associated Press

MEXICO CITY -- Gunmen in northern Mexico lined up 21 members of three families against a wall Thursday and opened fire. Eighteen people were killed, the police said, and the remaining three were seriously wounded.

The shooting occurred before dawn in El Sauzal, a suburb of the resort of Ensenada 100 kilometers (60 miles) south of the U.S. border.

The Ensenada judicial police officer, Jose Ramon Espinoza, said the victims - men, women and children - were members of three families: the Flores family and two families with last name of Castro.

Mr. Espinoza said he had no information on suspects or a possible

Continued from Page I

communiqués.

December for collaborating with the In July, a judge shut down the Egin, a newspaper in which ETA published its

But another paper, Euskadi Informacion, soon opened to replace it and published ETA's latest cease-fire communiqué. In another sign of the continuing struggle, the Herri Batasuna party, which holds about 12 percent of the vote in the Basque region, appointed new leaders, and young hooded supporters of Basque independence have kept up their campaign of burning buses and smashing

ages in Basque towns last year. The ETA cease-fire communiqué said there was a "unique occasion" to advance Basque sovereignty, and it derided as inadequate the home-rule powers that Madrid already has accor-

### **ETA:** Basque Group Announces Cease-Fire:

Nationalist Party, said the cease-fire brought "relief to all threatened by

windows that caused \$19 million in dam-

#### ded to the three main Basque provinces,

where the 2 million residents have their own Parliament, taxing powers and a regional police force. Xahier Arzalluz, leader of the Basque

■ No Change on Crackdown

Government officials remained tight-

lipped on whether they would continue a olice crackdown on ETA despite its declaration, Reuters reported. ETA said this year that it was "ready to learn" from the approach taken by the

Irish Republican Army, whose ceasefire last year paved the way for Northern Ireland's historic peace agreement. ETA's cease-fire announcement sparked an almost euphoric reaction

from many moderate Basque nationalist politicians, who regard it as a major breakthrough in the quest for peace.

#### EDITORIALS/OPINION

### No Easy Road on Clinton

response to President Bill Clinton's behavior is that the authors of the Constitution failed to envision conduct as tawdry as must now he dealt with. At some level, there is a mismatch beiween the available constitutional punishment and the crime.

Not to impeach America's chief law enforcement officer for having, at the very least, lied under oath in the course of a court proceeding meant to achieve such enforcement is in lower the bar if not to say that it is O.K. to lie, then at least to say that under certain circumstances it is possible to lie even in an official setting with relative impunity.

Yet tovoking the majesty of the impeachment clause against behavior as trushy as this is somehow to cheapen the clause. That, in the end, is the worst of what the man has done. Having himself debased the office, he forces us to debase in turn either the national standard of judgment as to acceptable behavior or the great instrument for enforcing that standard. The muck af-

Some people want to solve the awful problem with a brokered deal. They tavor an elaborate, albeit still unspecified, form of censure. It is not just the president's remaining friends who are calling for this as a way of allowing him to serve out his term.

People rightly fear the disruption that a protracted impeachment process could entail; there is a great reluctance, as ever there ought to be, to tamper with a senled election result, and there is a kind of revulsion that causes just about everyone to yearn for a fix that would let the country put the repugnant episode behind it.

But it seems too hasty --- premature - to be discussing an arrangement such as this. To begin with, a fair amount about the episode still remains uncertain or unknown. It has to do not with whether the president lied under oath, which we regard as established. but with whether he engaged in some further obstruction of justice. We would like to know about Betty Currie's complicated role, and Vernon

Jordan's, just for openers.

Nor are we yet convinced, as the

Part of the problem in deciding on a president's robotic defenders suggest, that it is somehow necessary to prove obstruction in have an impeachable offense - that mere lying, as they would have us think of it, is not itself enough. Who wouldn't lie in circumstances such as those in which the president found himself? they ask. But there is an answer to that.

A second alternative to the regular order of an impeachment inquiry is to call for the president's resignation, but that, too, seems too easy. It seems absolutely the case that an honorable man would long ago have resigned on his own — and that Mr. Clinton will not resign unless he is forced to.

But resignation without some adjudication of the offense is also a defecuive way of resolving the matter. It ducks the issues that need to be confronted. It, too, lowers the bar, in terms of what it takes to drive a president out of office. Revulsion is not enough, nor should the polls become the test. The causes need to be articulated.

For all these reasons, we return almost hy default, for now, to the impeachment process. The House should conduct the constitutional inquiry. There is time enough to do it right. The Republicans have a stake in making sure that in fact it is done that way, that it does not turn into a kind of weekly polifical taunt.

The Democrats have a similar responsibility. The risk of tying the country up, and the president down, for some period of time, seems less than the risk of coming too quickly to the

wrong result. It may turn out in the end that some brokered arrangement seems the right one, but that is not clear yet. An im-peachment inquiry involving the sorts of things that this one does will be an awkward and unpleasant process.

It clearly will be a distraction from other problems, some of them urgent ones, that we would much rather the two elected branches deal with. But it seems there is no choice but to take the detour and suffer the delay. That is another part of the price that the president's vast irresponsibility now exacts

### For Asian Stability, a China-U.S.-Japan Triangle

Singapore — In Asia, the end of the Cold War and China's spectacular growth have ushered in a oew "era of three kingdoms." It is the first time in history that China, Japan, and the United States have all been strong Asian powers at the same time. Unlike the period in Chinese history immortalized in the "Romance of the Three Kingdoms," we cannot afford a conflict between these three nations because each now has awesome military power at its disposal, or the technology and skills to develop it.

Peace and prosperity in East Asia are possible only if China, Japan, and the United States reach a stable balance of power and achieve a high level of cooperation to deal with the dangers to the region. They include financial crises, political instabilities, weapons rivalries, environmental devastation, natural disasters, border conflicts, refugees and

disruptions of energy supply.

Yet the constructive triangle the three nations could form has suffered from lack of attention. Without better handling, it could easily turn into an unstable competition of two for the good will of the third, or a fruitless

battle of two against one. In 1996, the three began working on their troubled hilateral relationships. But they have hardly begun to manage their very fragile triangle.

The new climate created by the visits of President Jiang Zemin of China to the United States last October and the visit of President Bill Clinton to China in June, presents a new opportunity for the three nations to begin to forge a triangular relationship. It is important

to seize the moment.

Both the three bilateral relationships and the powers themselves are highly unequal. One side of the triangle, the United States and Japan, is bolstered by a strong security alliance huilt on mu-tual trust from half a century of close cooperation. The alliance rests on an understanding that Japan forswear the development of nuclear weapons and an offensive military capacity, and provide financial and logistical support to U.S. forces, while the United States provides protection to Japan.

CHARLOTTESVILLE, Virginia—I knew Bill Clinton

before the world knew Bill

Clinton. It was early 1974, and

we were both at the University

of Arkansas School of Law in

Fayetteville: He was a young associate law professor and I was a third-year law student

Although I never took a class

him for an article I wrote for

The Grapevine, a local under-

ground newspaper.
At the time, Mr. Clinton was

preparing to challeoge the in-

cumbent Republican congress-

man, though he had not offi-cially announced his candidacy.

We met several times over a few

weeks and discussed his views

sometimes in a bar and once

at his home, where he made

This was his first political

interview, and we covered a

wide range of subjects - his

work on George McGovern's

presidential campaign, the role-

government should play in our

lives, and Bob Dylan's music.

"I think he's a genius," Mr.

I shared that view, subscrib-

ing to Dylan's lyric, "Propa-ganda, all is phony." Politi-cians, to me, were the epitome

of phoniness, and there was no

Clinton told me.

dinner for me and my wife.

with him, I did meet him on that accompanied the McGov-several occasions to interview em defeat. Bill Clinton could

with Marxist views.

By Ezra F. Vogel

The cooperation draws on close, long-standing professional relationships in all sectors at all fevels of the two couotries - an interactioo and communication possible between two complex modern societies with highly developed compatible specializations and well-established common rules and procedures. With similar technological and industrial capacines, companies from the two countries engage in keen competition, but this does not preclude cooperation in the security sphere or

even in the economic sphere.
On the second side of the triangle, the United States and China have begun to develop closer relations since resuming high-level contacts in 1971, especially since China's opening in 1979. Since

First of two parts.

mid-1996, the two countries have started to lay the basis for a post-Cold War cooperative relationship that does not rest on opposition to the Soviet Union. The economic relationship is highly complementary. Investment, scientific and managerial skills flow from the more developed economy of the United States to the developing economy of China, while low-cost labor-intensive industrial products flow the other way.

However, it will be many years before China solidifies its modern institutions to permit easy interaction and communication between the two societies, and many years after that before the interlinked sectors of the two societies develop the trust to undergird a most other countries.

solid relationship.

A start has been made to develop a productive and strategic U.S.-China relationship, but for at least some decades it cannot compare in depth and scope to the U.S.-Japanese relationship.
Relations between China and Japan,

the third side of the triangle, are extensive but hrittle. Japan's written language, culture, religion, philosophy, and art have been deeply influenced by China. As a result of proximity, Japan

By John W. Whitehead

Georgetown University in anything. I won't let that hap-

ington," be told me. ten, when they have found themselves in a difficult spot,

of the McGovern campaign, he they have been known to give

said: "We went at politics as if less than concrete answers. I

pen to me.

Bnt Mr. Clinton has an un-

canny ability to look you in the eye and make you feel like the

greatest person on earth. Thus I

went into those interviews very

critical of him, but wound up

praising him in the introduction

to my article: "To those of us

who knew the empty feeling

probably be the reinstatement

suasive the Clinton charm was

during our first meeting, which occurred around midnight on a Wednesday in early February 1974. Mr. Clinton had just re-

turned from Russellville, where

he had been speaking to a small

group to gain support for his budding campaign. We sat on bar stools, each with a beer. He

was in a good mood and ready

My first question was why an

Arkansas native had attended

Washington. "I wanted to be

exposed in the national gov-

erament so that I could get a

very good background in Amer-

ican domestic politics just by

the virtue of being in Wash-

to answer my questions.

I quickly found out how per-

of the people's candidate."

tributes more aid to China than any other country.

But Japanese cruelties during their humiliating invasion of China from 1931 to 1945 are vividly remembered by the older generation and widely publicized for younger generations. Many Chinese are deeply concerned about the revival of Japanese militarism. The Japanese, in turn, are concerned with signs that China is again beginning to act like the great Middle Kingdom to which all other powers owe obcisance.

Because Japan has few natural resources and must rely almost entirely on its productive capacity, many Jap-anese companies and government officials are especially cautious about transferring up to date industrial tech-nology to China that might threaten their domestic industries. Despite the high level of contacts between China and Japan, trust is lacking.

Assuming that China continues to grow more rapidly than the other two, will its ambitions expand as it gains economic and military strength, and its current willingness to cooperate with other countries to gain technology and investment diminish?

China faces enormous problems. But there are many grounds for hoping that it will continue to progress, in-cluding the coherence and determina-tion of the political leadership, the competitiveness of Chinese products in world markets, its hope domestic market the massive new investments in infrastructure and the high savings rate. These factors suggest that China will continue to grow more rapidly than

China's likely course of expanding its range of contacts with the ontside world, upgrading education, extending the rule of law, and adapting to international markets and institutions all provide a basis for believing that on balance China will develop in the direction of playing a more positive role in regional and international affairs.

The United States — despite the occasional distortions — still fundamentally acts as if its interests are con-

Clinton on Impeachment: The View From '74

it were some kind of religion,

and everyone was either stand-

ing with us in the light or stand-

ing against us in the darkness."

become corrupt and phony.

happened to the candidate was

he became a product of the

modern mass industrial society,

a sort of packaged product. He

was nothing more to the people

than a PR man's construction.

He didn't say anything about

For all his expressions of

idealism, some of the political

fuzziness we now know him by

surfaced when he discussed the

new Southern politicians: "Of-

has high levels of trade, investment, and tourism with China. Japan conglobal conflict, maintaining an opeo global economy, protecting the environment, assisting with humanitarian aid and helping to oppose oppression throughout the world. It has no territorial ambitions in Asia and is prepared to use its forces to maintaio international rules. The United States has no choice but to pursue these goals by gaining the cooperation of other coun11111111111

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The inability of Japan to respond quickly to the problems of bad loans and a stagnant economy since 1990, has placed limits on its activities abroad and diminished its prestige. Yet Japan's industrial capacity, its highly educated work force, financial resources, technology, and organizational abilities still make it the No. 2 ecooomic power of the world. Japan also

remains the world's largest creditor.

It is an open question whether Japan, will begin a long relative decline because of its failure to adapt sufficiently to market changes. But in certain critical stages in the past, as in the transition from the Tokugawa to the Meiji Period and in the 1970s after the oil shocks, Japan has been able to undertake powerful systemic changes that kept it strong. At the very least, Japan is likely to remain one of the two or three largest economies in the world for decades.

Japan remains a cooperative global power without territorial or military ambitions. Despite the current criticism of Tokyo for not doing more to stimulate Japanese growth for Asian recovery and not providing more political leadership in regional and global affairs, it continues to play a very constructive role as a model member of regional and international organizations. Japan follows rules, and its role in providing aid and capital around the world is unequaled.

The writer is head of the Fairbank Center for East Asian Research at Harvard University. This comment was adapted by the International Herald Tribune from the second Goh Keng Swee Lecture on Modern China he gave in Singapore recently.

To American eyes, the clerical dicborder and threatens military action unless its demands for amends are met.

There is irony here, since 18 years ago it was Iran that held 52 American diplomats hostage for 444 days. This time, Iran has a legitimate grievance. Carrying out its military threats, however, would undermine the efforts of President Mohamitted Khatami to reassure the world that Iran no longer seeks to threaten its neighbors or export revolutionary violence. Instead, Tehran should stick to diplomacy in pressing its demands for an apology and for prosecution of the killers by an Iranian or international court.

A United Nations working group on Alphanistan meets in New York on Monday, and Iran's foreign nunister and Secretary of State Madeleine Albright may attend. Such talks could belp defuse the crisis over Iran's diplomats and ease tensions between

Washington and Tehran. The Taleban, which follows Sunni Muslim precepts and is allied with Pakistan, now rules most of Afghanistan. But the country's ethnic and religious diversity has produced opposition to the Taleban's totalitarian rule. Shiite Muslims, Persian-speakers and ethnic groups akin to those in Iran. Many of these overlapping minorities fear persecution by the Taleban and have supported the resistance miliuas that Taleban forces are now rolling

should stop their meddling in Afghanistan's conflict. The Taleban, for its part, should apologize for the killings of the diplomats and promise a credible criminal investigation of the incident.

### Iran vs. Afghanistan

tatorships of Iran and Afghanistan can seem variations on the same Islamic fundamentalist theme. But relations between the two neighboring countries are now at a flash point. Ethnic, political and religious tensions have been exacerbated by the recent killings of at Taleban fighters. Iran is oow assembling 250,000 troops along the Afghan

Iran also supports these militias, while Pakistan backs the Taleban, That explains wby Iranian diplomats were stationed in a militia-held provincial town that fell to Taleban forces last

cludes an end to Pakistani military support for the Taleban in its list of

ldeally, both Iran and Pakistan

For Democrats now, the appeal of

month.

It also explains why Iran now indemands.

- THE NEW YORK TIMES

#### Other Comment

Herald Eribune

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#### Spare the Constitution

Resignation was Richard Nixon's final act of violence to our constitutional system. Perhaps his act was one of desperation; perhaps he sought to save himself from further disgrace and preserve his benefits. We must remember that pressure for his resignation came. from Congress itself, particularly from Republicans anxious to salvage the party's fortunes. But across party lines, Congress had little desire for a long. tedious and politically risky process of impeachment and trial. Demands for President Bill Clinton's resignation have the same self-serving quality.

resignation is simple; it saves them the risk of defending the president. But the

Republicans are equally transparent. Tom DeLay, the House Republican whip, has blumly called for Mr. Clinton's resignation. Senator Sam Brownback of Kansas has called on the president to "do the right thing for our

country, and resign vuluntarily." The aberration of Mr. Nixon's resignation now threatens to become a form of parliamentary no-confidence that conveniently enables Congress to avoid its constitutional duty of imneachment. Richard Nixon's resignation spared him and his party; whether he did the best thing for the constitutional system is another matter.

Stanles I Kutley the author of "Abuse of Power The New Tapes of Richard Neural and "The Wars of Watergate." writing in the Los Angeles Times.

### Primakov Is No Short-Timer

man the Russian Parliament forced President Boris Yeltsin to name prime minister is a former KGB agent, a friend of dictators in Iraq and Serbia, and an enemy of the West.

Yevgeni Primakov made it to the top because be was every power center's second choice. They all see this cagey spy-master as a transitional figure easily replaced after the worst is over. They may all be wrong.

The Soviet Union had three power centers: the Communist Party, the KGB and the Red Army. In Russia today, there are still three: (1) the oligarchs who stole the state's assets through corrupt privatization and socked away hillions outside the country; (2) what is left of the Communist Party, supported by elderly pensioners, and (3) democratic reformers, many appointed and theo scapegoated hy the weakened Mr. Yelisin.

Last spring the oligarchs directed Mr. Yeltsin to fire their own man, Prime Minister Viktor Chemomyrdin, who for five years had condoned their stealing of the state's assets. In went a reformist, wet behind the ears, to take the fall for the inescapable devaluation and default. After that victim did his duty, the oligarchs told Mr. Yelrsin to

put back Mr. Chemomyrdin. But the Communists in Parliament would not go along. They threatened Mr. Yeltsin with impeachment and dared him to dissolve the Duma.

By William Safire

At this point, assuming the Communists would do well in parliamentary elections, the last of those reformers left standing, Gregori Yavlinsky, head of the Yabloko party in Parliament and untainted by association with failed Yelisin policies, proposed Mr. Primakov as

prime minister.

I reached Mr. Yavlinsky by telephone in Moscow to ask; Are you guys out of your minds? When Russia most needs the West, you pul in a lifelong enemy of freedom? When Russia's economy most needs the price of its oil exports to go up, you put in the man who wants to get traci production flowing to save Saddam Hussein and bring oo an oil glut? When Russia most needs the rule of law and private property. you bring in a veteran Communist with no understanding

of free enterprise? "This was a painful compromise," he explained "Primakov was the only one Yeltsin and the Communists could agree on. I have no deal with him." That turns out to be true; Mr. Yavlinsky turned down the offer of a deputy prime min-

ister's post. Mr. Yavlinsky's rationale is that Mr. Primakov has promised not to use force in Chechnya; to soothe the West with ratification of START-2, and to follow the constitution in organizing

elections. Averting civil war, be says, is not nothing. After the years of rip-off by the crony capitalists, the pendulum of Russian public opinion has swung leftward. Capitalism never had a chance without courts to enforce contracts and cops to stop corruption, but the criminal oligarchy has left capi-talism in disrepute and has reduced most trade to barter. In this angry atmosphere, Mr.

Yavlinsky puts the protection of political freedom ahead of the adoption of sensible economic policies. "This is temporary," he insists, "and somebody has to be in office to protect the nukes and see to it we have free elections. But I wonder. Here we see

the oligarchs in bed with Marxist economists who promise to protect bankrupt enterprises and print inflationary money. Remaining democratic re-

formers hope that the ensuing disaster will be blamed on the leftists in the Duma elections oext year and elections for the presidency the year after. That is wishful thinking. Mr.

Primakov will take Russia toward more state economic control, which is only a step away from central political control. Transition is not his ambition. Should we bail out Mr. Primakov's ailing Russia? The Czech president, Vaclav Havel,

offered a sage comment Wednesday: "Better an ill Russia than a healthy Soviet Union." The New York Times.

personally don't believe that executive and administrative they are selling their souls when they do this. So, you see, I doo't tant to me that I attempt to aid view this as a light and darkness thing either."

"Are you a politician?" I asked "Yes," he responded. (All of these quotations are in my article, published in two parts oo Feh. 13 and 20, 1974.) In February 1974, there was serious talk about impeaching "The Candidate," a movie starring Robert Redford, was President Richard Nixon. While getting a lot of attention at the time. It was about a young, few months earlier, the polls now showed a significant number beidealistic lawyer who started off lieved he should be impeached. as an honest candidate for public I asked Mr. Clinton what he

thought "I think that there's nffice and by the film's end had probable cause to believe that he's committed gross impropri-eties in office, if not criminal acts," he said. "The questions "What about this happening to you?" I asked Mr. Clinton. "Now you could say you are in a pure state. What's going to happen to you later?"
He responded: "What of impeachment and removal are fundamentally political questions.... If I were in Congress now I would think that the evidence for impeachment was

very strong."
I then asked him what he thought the definition of impeachment should be. "I think that the definition should include any criminal acts plus a willful failure of the president to fulfill his duty to aphold and execute the laws of the United States," be replied.

"(Another) factor that I think constitutes an impeachable offense would be willful, reckless behavior in office; just totally incompetent conduct of the office and the disregard of the necessities that the office demands.

Law and order, for example." When asked why he thought people were so hesitant about making a commitment toward impeachment, Mr. Clinton said: "I believe one major factor is that they fear the uncertainty that would ensue if the president were removed. It's the old problem of 'the devil you know is better than the one you don't.' Congress has to serve as a limiting institution because Congress itself is needed to act

as a strong and powerful brake

him today? If Kenneth Starr's the people had supported him a report proves that the president committed perjury by lying under oath or that he obstructed justice, might his definition of impeachment as including 'any criminal acts" come back

bodies.... And it's very impor-

the Congress in assuming its

proper role in the constitutional

Is it oot carious that the

words Mr. Clinton ottered in

1974 have come back to judge

framework."

to haunt him? When he was nominated for Congress in Hot Springs, I went to the Democratic convention. He picked me out of the audience, waved and said, "Hi, a John.

Our paths did not cross again until years later. I went on to practice law, start a family, become a Christian, change some of my political views and establish an organization that specializes in civil liberties and religious rights. Not until the Rntherford Institute got involved in the Paula Corbin Jones case against President Clinton did we meet again, this

time on different terms. To me, the real questions today are: How did Bill Clinton become what he said he would not become? How could someone with so much promise self-annihilate the way he has? The president and I come

from a generation that was going to bring about a new age of peace, hope and understanding. We were planning to change the world for the better and be better people. What happened?

John W. Whitehead, a lawyer and author, is president of the Rutherford Institute and cocounsel in the Paula Corbin Jones sexual harassment lawsuit against President Clinton. He contributed this comment to on the abuse of power by the The New York Times.

#### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

#### 1898: Dreyfus Affair

PARIS - The decision of the Council of Ministers to enter on the preliminary stage of revising the Dreyfus case has caused an almost universal feeling of relief. M. Sarrien, Minister of Justice, explained his reasons for deciding that there ought to be a revision, altogether apart from the question of the guilt or innocence of Captain Dreyfus, in order that the admitted illegality of his conviction might be repaired.

#### 1923: Belgrade Fears

PARIS - Italy virtually annexed Figure by sending General Giardino as Military Governor. with full powers to restore order in the administration. This decision followed a letter sent to the Italian Government by Signor Depoli, in which, after tendering his resignation as vicepresident of the Constituent Assembly, he says that disorder and

anarchy are so rampant that only, the intervention of Italy can save the Free State. While Italian pressure is being exerted on Yugo-Slavia, the latter country is threatened by a Bulgarian invasion in Serbian Macedonia. The Belgrade Government has notified Bulgaria that if any such incursions occur, Yugo-Slavia will consider them a casus belli.

#### 1948: UN Arbiter Shot

JERUSALEM — Count Folke Bernadotte, of Sweden, the United Nations mediator, and his French assistant Colonel André Serot, were shot dead by four gununeo in the Katamon quarter of new Jerusalem. Four men whirled a jeep into the path of the mediator's car, which stopped The quartet then flourished a tommy gun, forced Count Bernadone and Colonel Serot from the car, and shot them dead. The United Nations statement termed the assassins "irregulars."

### van Triangle

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#### OPINION/LETTERS

### LETTERS TO THE EDITOR

### Coping With the Starr Report; **Anger and Blame All Around**

Kenneth Starr blew it. If, after four years and \$40 million, all the independent conosel can come up with is an affair between a silly man in a midlife crisis and a predatory groupie, he has missed the mark. He has tried to cover his failure with a lurid sex expose, boping the shock will cover his emharrassing debacle of an investigation.

What will the voters have to say about that in November, particularly if the Republicans in Congress insist on beating the issue to death instead of getting down to solving some of the huge problems facing the country?

DON FORESTA.

Honor is due to those Democraric senators and representatives who are putting the nation and their oaths of office before the narrow interests of their party. They, like the Republican senators Howard Baker and Lowell Weicker during the Watergate hearings, will be hooored by history.

Contrast that with the more numerous Democratic elected officials who in effect are saying that the presideot is doing a good job, so charges of perjury, witnessing-tam-pering and abuse of office should be overlooked by the Congress and the people. History will have a word about them also. JAMES R. FEES. Brussels

Presideot Bill Clintoo seems to have wrecked his presidency by choosing the wrong fight. With conflicts and crises shonting for his attention around the world. he is obsessed about his stained ego. Inability to do ooe's job is a sufficient reason for resignation.

CHRISTINE ROSSINI. Cologne.

We Europeans are flahbergasted by what is coming out of Washington. This reaction is not due to cynicism over moral issues. Privacy is an essential component of human rights, and destruction of privacy is an

President Clinton's public humiliation should remind Americans of Hawthorne's powerful description of Puritan totalitarianism in "The Scarlet Letter."

GIULIO BINOCCHIL

"Monicagate" is oot about a leader's sexual indiscretions and inevitable coverup. Nor is it about the opposing party's opportunistic handling of the situation. Sex. politics and the intermingling of the two are as old as the hills.

What is new is the spread of technology that allows media supersaturation and the instant dispersal of information. It is about our electronic "interconnectedness" and our questionable ability, as yet, to deal with it. The seeds were sown in the live coverage of a slow-speed chase of a certain white

DANIEL FRANKL

My American frieods here are doing something now that I have not heard of since the Vietnam era: They are pretending to be Canadian. Let me add that we are not ashamed of our president. What they, and myself, are ashamed of is the venality of the Republican Party, the spinelessness of the U.S. Congress and the shameless idiocy of Mr. Starr's entire campaign. Is the president the only member of the U.S. government still concerned with running the country? JEREMY SAXON.

The stalwart defenders of morality in America, in their zeal to overthrow the twice-elected presideot of the United States, have had their own appointed independent counsel produce a \$40 million pornographic report and then pot it on the Internet for every child with a computer to read. Thanks.

> JOHN McOUEEN. Heidelberg, Germany.



In response to the report "The Gradual Erosion of the Private Sphere: 'Everything's Fair Game Now,' 'Sept. 15:
I am amazed that people still consider this to be an investigation into Bill Clin-

ton's private life, This incident involved the president and an intern working at the White House. Some of the events took place during working hours. They took place in and around the Oval Office, Mr. Clinton's official workplace. Finally, accord-

ing to the report of the independent counsel, Kenneth Starr, some of the events took place while the president was conducting official business on the phone.

Such conduct would not be considered private if it had occurred in the military or in the private sector. It would not be tolerated in any other position. It should oot be tolerated from the presideot of the United States.

PETE ABRAHAM Singapore.



If Kenneth Starr's report is "pornographso because Mr. Clinton's own life is pornographic, marked by his pernicious objectification of women.

Mr. Clintoo has transformed the Oval Office, a national symbol of American pride and leadership, into a cultural icon of licentiousness, where be apparently de-graded a foolish and infatuated young woman for his own selfish gratification. His disgraceful legacy proves once and for all that the character — or lack thereof — of elected officials can and does have tremendous public consequences

STEVEN A. COSTELLO Lake Jacksoo, Texas.

A decent man would never have indulged in such shenanigans. Caught, a half-decent man would certainly resign. Clearly, Mr. Clinton is neither.

BRIAN J. CAMPBELL Wechelderzande, Belgium.

In six years, President Clinton has managed to erase the budget deficit, give Americans the closest thing to full employment in decades, and bring some measure of peace to Northern Ireland and Bosnia. If we oeed an adulterer, liar and draft-dodger to do this much good, then so be it. I'll take him over his sanctimonious accusers any day.

MICHAEL S. DEAR.

Frankfurt.

In this wretched business, one person has shown honor and dignity: Hillary Rodham Clinton. The president's wife also has displayed compassion far beyond the call of her marriage vows. Hers is true courage. Mrs. Clinton has enhanced the term "first

Fontenay-Trésigny, France.

I was shocked by the description, in your

front-page article of Sept. 12 / "'I Sinned." He Says, in Apology That Includes Lewinsky ") of President Clinton's prayerbreakfast speech to a group of religious leaders as "abject." Whatever the circum-

stances, in France, oo journalisi would dare

use that word with regard to the president of

the republic.

JACQUES LINDON. St.-Martin-la-Garenne, France.

Mr. Starr has perpetrated a scandal 100 times worse than anything done by President Clinton. His report is a scurrilous attack not only on the person of the president hat also on the office of the pres-

In the highly questionable function of the special prosecutor, and supported by extreme-rightist elements, Mr. Starr has spent four years and millions of dollars going from one incident to another, obviously trying to find a fault with the president. The independent counsel is 95 percent

a sex-mooger and the rest a political animal, not worthy of the title "judge." In any other society, he would be sued for

President Clinton's transgressions were at least private and hurt no ooe until Mr. Starr's warped mind construed a geotle-man's effort to shield these private acts as criminal perjury. By opening his report to the pohlic, Mr. Starr has irreparably dam-aged the presidency. We Americans ahroad are bumiliated.

RICHARD BOSSHARDT. Lucerne, Switzerland,

Leners intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

### With Vigor and Persistence, The Poison Can Be Purged

By Gideon Rafael

TERUSALEM - A few weeks to British-ruled Palestine. The land, militant Protestants marched past a Catholic oeighborhood, shielded hy sizable contingents of British troops and local police, as townspeople watched the pro-vocation in sullen contempt.

The inhabitants of Armagh responded in their owo way at a peace rally on Sept. 3. Thousands of people of both faiths paid trib-

#### MEANWHILE

ute to Bill Clinton for his contribution to the Ulster peace talks and applauded the visiting U.S president's appeal to other peoples, torn apart in murderous strife, to be inspired by the recoociliation in Ireland.

Watching a broadcast of the exuberant crowds celebrating peace, I remembered an episode, one of the saddest in my diplomanc service.

In 1944, two Israeli hitmen were sent to Cairo by the extremist fringe organization Fighters for the Freedom of Israel, better known as the Siern Gang, to assassinate the British minister for the Middle East, a distinguished Irish nobleman, Lord Moyne. They were caught, tried and executed.

Thirty years later, Egypt, in re-sponse to Israeli solicitations, transferred the remains of the perpetrators for hurial in Israel.

At the time, I served as Israel's ambassador to the Court of St. James's and to the Republic of Ireland. One day in June 1975, my secretary at the embassy in London informed me that Lord Moyne was on the phone. I picked up the re-ceiver, thinking that somebody

was playing a macabre prank.

The caller introduced himself as the son of the late British minister. He referred to a front-page article in The Times of London that described the preparations for the funeral in Jerusalem of Lord Moyne's killers, which, it said, was to be held in a military ceremony and attended by members of the government.

He drew my attention to a report in the article that schoolbooks distributed by the Israeli Ministry of Education described his father as an enemy of the Jewish people, saying be bad been responsible for the death of bundreds of refugees trying to escape Hitler's hell in wretched boats, sunk on their way

In our hotels, the word "guest"

takes on another meaning.

ago in Armagh, Northern Ire-truth was, a week before his death, his father had communicated to Winston Churchill his support of a recommendation by a special cabinet committee favoring the establishment of a Jewish state in

Palestine. The son asked: 'Would it be asking too much, Mr. Ambassador, for your interceding with the Ministry of Education to eliminate the untruth from the text-

book?" I called the foreign minister in Jerusalem to convey to him Lord Moyne's message. Yigal Allon, a former minister of education known for his efforts to foster Arab-Israeli understanding, was baffled. He had never seen or heard about the odious textbook entry. He directed me 10 inform Lord Moyne immediately that if the report was found to be correct, he personally would see to it that the offensive reference would be

I conveyed Mr. Allon's assurance to Lord Moyne, who thanked us profusely. "Nothing," he said, "is more endangering the future of all of us than to poison the minds and souls of our children."

The other day, small children, some of them toddlers, from the Jewish enclave in Hebron, went on a rampage in the Arab fruit and vegetable market, overturning stands and hurling invectives. They had been sent by their elders to retaliate for the murder of an elderly rabbi. Arah youths, indoc-trinated "to hate the occupier." responded with a hail of stones.

Both sides are, as President Clinton said in Armagh, 'trapped in the prison of their conflict.' The Oslo accord was meant to breach the wall. Unfortunately, the peace train that left Oslo starion amid high hopes five years ago got stalled on the track. In Armagh, Mr. Clinton said,

"Now, when I meet with Palestinians and Israelis I can say 10 them, 'Don't tell me that reconciliation is impossible. Look at Northern Ireland. ''
If Mr. Clinton pursues Mideast

peace with the same vigor and persisteoce that he showed in the Irish imbroglio, a settlement is possible, provided leaders on both sides are willing to respond to the yearnings and needs of their peoples.

#### **BOOKS**

#### KING LEOPOLD'S GROST A Story of Greed, Terror and

Heroism in Colonial Africa By Adam Hochschild. Illustrated. 366 pages. \$26. Houghton Mifflin.

Reviewed by Michiko Kakutani

TOSEPH CONRAD'S "Heart of Darkness" is frequently read as an allegorical or Freudian parable, while its murderous hero, Kurtz -- the renegade white trader, who lives deep in the Congo jungle behind a fence adorned with shrunken heads - is regarded as a Nietzschean madman or avatar of colonial ambition run dangerously amok. As Adam Hochschild's disturbing

new book on the Belgian Congo makes clear, however, Kurtz was based on several historical figures, and the borror Conrad described was all too real. In fact, Hochschild suggests, "Heart of Darkness' slands as a remarkably 'precise and detailed" portrait of King Leo-pold's Congo in 1890, just as ooe of history's most heinous acts of mass killing was getting under way.

Under the reign of terror instituted hy King Leopold II of Belgium (who ran the Congo Free State as his personal fief from 1885 to 1908), the population of the Congo was reduced by half - as many as 8 millioo Africans (perhaps even 10 million, in Hochschild's opinion) lost their lives.

Some were beateo or whipped to death for failing to meet the rigid production quotas for ivory and rubber harvests, imposed by Leopold's ageots. Some were worked to death as porters, ruhber gatherers or miners. Some died of the diseases introduced to (and spread throughout) the Congo by Europeans. And still others died from the increasingly frequent famines that swept the Congo basin as Leopold's army rampaged through the countryside, appropriating food and crops for its own use while destroying villages and fields.

Although much of the material in the author has drawn heavily from

Jules Marchal's scholarly four-volume history of turn-of-the-century Congo and from "The Scramble for Africa," Thomas Pakenham's wide-ranging 1991 study of the European conquest of the continent — Hochschild has stitched it together into a vivid, novelistic narrative that makes the reader acutely aware of the magnitude of the horror perpetrated by King Leopold and his minions.

It is a book that situates Leopold's crimes in a wider context of European and African history while at the same time underscoring the peculiarly modem nature of his efforts to exert "spin control" over his actions.

Leopold himself comes across as a cartoon-strip megalomaniac — a mad, greedy king obsessed since adolescence with the idea of running a colony of his own and intent throughout his career on covering his lust for money and real estate in honeyed talk of philanthropy

and human rights. As for Henry Morton Stanley, the world-famons explorer whom Leopold remined as his agent, he is depicted as a Dickensian hully and chronic liar who allowed his own mooumental celebrity to be used by Leopold for the worst possible ends. He eventually persuaded hundreds of Congo basin chiefs to sign over their land and their rights to the

king of the Belgians. King Leopold then succeeded in winning diplomatic recognition of his oew colooy, Hochschild argues, by playing one great European power against another and hy portraying his control of the Congo as a kind of benevolent protectorship that would bring a civilizing in-fluence to the continent while thwarting the malign designs of Arab slave-traders eager to exploit the region. Leopold scrually saw the Congo as a rich source of ruhber, ivory and other natural resources that could fatten his coffers at home.

Those profits came at the price of "King Leopold's Ghost" is secondhand terrible suffering by the Congolese people. Not only was their land sum-marily annexed — most of the chiefs who signed Stanley's 'treaties' bad no idea what they were signing - but they were also coerced into the arduous job of gathering rubber for Leopold's men. Those who refused or failed to meet their quotas were hrutally whipped, tortured or shot. Hochschild reports; others saw their wives and children taken hostage by Leopold's soldiers.

As the "ruhber terror" spread through the Congolese rain forest Hochschild adds, entire villages were wiped out: Hundreds of dead bodies were dumped in rivers and lakes, while baskets of severed hands were routinely presented to white officers as evidence

of how many people had been killed. Hochschild writes about these horrifying events with tightly controlled anger, and be brings equal passion to his account of the small hand of protesters who orchestrated resistance to Leopold's rule. Those protesters include Edmund Dene Morel, a British shipping-company employee, who brought the king's crimes to world attention; George Washington Williams, a hlack American journalist who chronicled the grisly cooditions in the Congo in an open letter to King Leopold, and Roger Casement, an Irish member of the British consular service, who sent home a torrent of dispatches condemning specific atrocities and the entire way the

colony was run. The efforts of these men and others helped bring international pressure to bear on Leopold, and in 1908 he turned over the Congo - in effect, sold it - 10

the Belgian government.
With this book, Hochschild, like other historians before him, ensures that King Leopold has not gotten away with his efforts to erase the memory of his brutal acts.

New York Times Service



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#### **BRIDGE**

By Alan Truscott

MID some confusion, A Poland and the United States captured major titles at the world championships in Lille, France. In the Societe-Generale Open Pairs, a littleknown Polish pair, Michael Kwiecien and Jacek Pszczola, surged to victory. The American pair of David Berkowitz and Larry Cohen barely held

on to second position. Kwiecien and Pszczola, 55.85 percent; 2d, Berkowitz and Cohen, 54.99; 3d, Magnus Lindkvist and Peter Fred-in of Sweden, 54.97; 4th Chris Compton and Ralph Katz of the United

players. This caused several pairs to sit out some rounds of vitation to game, which was play, repeating a problem earlier in the final.

Jill Meyers and Shawn won the Louis Vuitton Women's Pairs. The standings were: 1st, Meyers and Quinn, ace. 55.14 percent; 2d, Sahine Auken and Daniela von Arnim of Germany, 54.69; 3d, Veronique Bessis and Cath-The standings were: 1st, erine d'Ovidio of France, 54.03; 4th, Sylvia Moss and Gail Greenberg of the United

States, 54.01. Meyers as South brought home a difficult game after an Sbe then ruffed a diamond 3 V auction that featured some with the heart king, and led Pass artificial hidding. The two- another spade. This allowed West led the spa

three hearts was a mild inaccepted.

An opening spade lead was won with the king, and the Quinn of the United States diamond seven was led. West won and persevered with a second spade, won with the 4 J to 8 S 2

South threw a diamond and A q J to 9 led the club jack, covered 464 with the queen and ace. A diamond was ruffed, and the heart ace was cashed, removing the jack.
A club was led, and East

tates, 54.01.

On the diagramed deal, fleyers as South brought club nine, and ruffed a spade.

The confusion was an error club rebid required a two-dia- her to score her heart ten en in planning the movement of mond hid, and the jump to passant to make a game that

> **◆ A 8 4 3** ∇ A **K** 7 3 0853 AKQ3 SOUTE **▽10852** 4 A 1087

#### *LEISURE*

### Dancing a Slow Tango in Milan It's an Indoor City, With Treats for the Eye and Ear

By John Tagliabue New York Times Service

ILAN — Some ing designers.
Italian cities, A 1920s tourist tram leaves tango, a cool, understated where excitement can mean torio Emanuele, the glassedin Beaux Arts shopping con- trict and La Scala. course adjacent to the Duomo, to down a cappuccino or just to see and be seen.

But Milan tangos a little faster in the fall, when the big trade fairs come to town, most notably the fall fashion shows. The spring and fall fashion weeks are certainly the busiest time of the year, with tens of thousands of anxious designers, willowy models, buyers, photo-graphers and hangers-on descending on the city. Hotel rooms become such a rare commodity that visitors have been known to take accommodations in Switzerland, an hour's drive to the north. But if you book well enough in advance, it is also the most exciting time to be there. This year, the women's designer collections, for the fashion press, retailers and private clients, are being shown Oct. 2 to 10.

Milan is a spread-out city, and the best way to get an overview is on one of many bus tours or guided walks. Unlike Rome or Naples, where sunshine reigns much of the time, Milan can be damp and gray. So it is also an indoor city, whether that as much attention - and revmeans lounging in one of the erence — as the opening of Galleria's cafés or visiting the opera season at La Scala, Leonardo's "Last Supper" in the former refectory of the place Dec.7, the feast of St. convent of Santa Maria delle Ambrose, Milan's patron Grazie, or Michelangelo's saint. Yet the preseason oftender Rondanini Pieta at the ferings at La Scala are also-Museum of the Castello impressive, with ballets, Sforzesco.

might start by climbing to the during the fall. The ballet roof of the vast Gothic corps closes its summer sea-Duomo, a sierra of finials and statues that you can hike lan's "L'Histoire de Manarross like an Alpine meadon," which will be performed golden statue of the Virgin prima ballerina. atop the central tower, and spectacular views of the city; on clear days the vistas stretch isir d'Amore," with Mariella northward to the Alps.

2 Piazza Pio XI, (39-02) 806921, which reopened last year after a seven-year res- \$156. toration. The library, commissioned by Federico Car- er musical pleasures in Milan dinal Borromeo in 1607. - a shame, for there are gems contains 35,000 manuscripts and 700,000 printed hooks. The cardinal's personal art repertory at the Lirico Theatcollection forms the core of the gallery: Milan's oldest and Friday at 8:30 P.M. and museum. His good taste allows us to enjoy Raphael's cartoon for the School of Athens in the Vatican: Caravaggio's "Basket of Fruit"; paintings by Leonardo, Botticelli and Titian, and one of the world's finest collections of Lombard art.

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gar 24: 1004 1

To explore the heart of Milan, stand at the Duomo and walk through the Galleria to La Scala, then up Via Dante to the Castello Sforzesco, and the spacious gardens behind. To visit the fashion district, start at the Piazza San Babila, then stroll narrow Via Monte

Napoleone and nearby Via 24, at 50 Foro Bonaparte, (39-Spiga, lined with the flagship 02) 878197. Open Tuesday to store of many of Italy's lead-Sunday from 10 A.M. to 7:30 \$100 for two. Reservations are store of many of Italy's lead-

like Naples or th Piazza Castello at 11 A.M. Palermo, have a and 1 P.M. daily (also 3 P.M. hard time being sedate. Ask in September and October). them to spin a pirouette or from there, it passes the al wines are two reasons to go dance a tarantella, and they're Duomo, goes out to the to the Caffe della Pusterla, 24 via De Amicis, near the bain their element. But Milan is not a tarantella — it's a slow neighborhood of canals and silica of Sant' Ambrogio. The place with a measured step, of Milan's liveliest night life sandwiches, light entrees, and strolling to the Galleria Vit- to Santa Maria delle Grazie, since the owners have a farm and back by the fashion dis-

The Naviglt neighborhood borders two canals in the southwest corner of Milan. Once the port of Milan (the canals connected the city to the Po River) and a tough working-class district, it has become a trendy neighbor-hood, filled with antiques shops, bars and restaurants, some on barges.

The city's most important Via Brera, (39-02) 722631, includes such masterpieces as Raphael's 'Marriage of the Virgin,' Piero della Fran-cesca's 'Sacra Conversazione" and Caravaggio's 'Supper at Emmaus.'

And one of Milan's bestkept secrets is the 15th-century Church of Santa Maria presso San Satiro. The downtown church was built by Bramante next to a ninth-century basilica. Of particular note is the baptistry - marvelous in its Renaissance harmony - and the trompe l'oeil apse, designed that way by Bramante because he had no

WHAT'S GOING ON No mpsical event in Italy commands which traditionally takes forzesco. operas, symphonies and If the weather is nice, you chamber music most nights ow, and that affords a close on Oct. 1 to 3, 6 and 7, with look at the I Madonnina, the Alessandra Ferri, La Scala's

The 1997-98 opera season closes with Donizetti's "El-Devia, Vincenzo La Scola and Paul Groves. Perfor-PLACE not to miss is mances on Oct. 15, 17, 19, 21, the Ambrosiana Art 23, 26, 27, 29, 31 and Nov. 6 and 8. La Scala's box office is at 2 Via Filodrammatici and tickets cost from \$17.50 to

> La Scala overshadows othto be found. The Orcbestra Verdi dazzles with a varied er, with concerts on Thursday Sunday at 4 P.M. Daniele Gatti conducts Beethoven and Prokofiev Sept. 24, 25 and 27; Riccardo Chailly presents Verdi and Berio on Oct. 8, 9 and 11. Tickets \$23 to \$29.

The Palazzo Reale plays host to 'The Soul and Countenance," chronicling portraiture by painters from Leonardo to Francis Bacon, Oct. 30 to March 14. The palazzo, 12 Piazza Duomo, (39-02) 62083868, is open Tuesday to Sunday. Tickets \$6.50.

An extensive Man Ray retrospective at the Fondazione Mazzotta runs through Jan.

P.M. (10:30 P.M. Tuesday and Thursday). \$7.

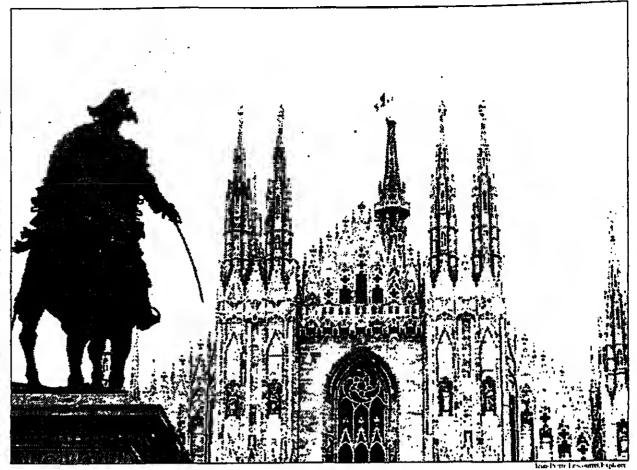
WHERE TO EAT Turn-of-thecentury decor and exceptioncan be found. It then goes on the wines tend to be Tuscan, near Montalcino. A meal for two with wine is \$46.50. (39-02) 89402146. Closed Sun-

Some of Milan's freshest fish is found at the Ristorante Mercato del Pesce, 54 Via Cesare Lombroso, near the wholesale fish market. Despite a kitschy decor, it is worth the cab ride to the edge of town. The fixed mean offers substantial appetizers, spaghetti alla pescatora or risotto alla art collection, the Brera, 28 marinara, and a grilled-fish platter for \$32 a person, with-

preferred. (39-02) 55195540. Closed Monday

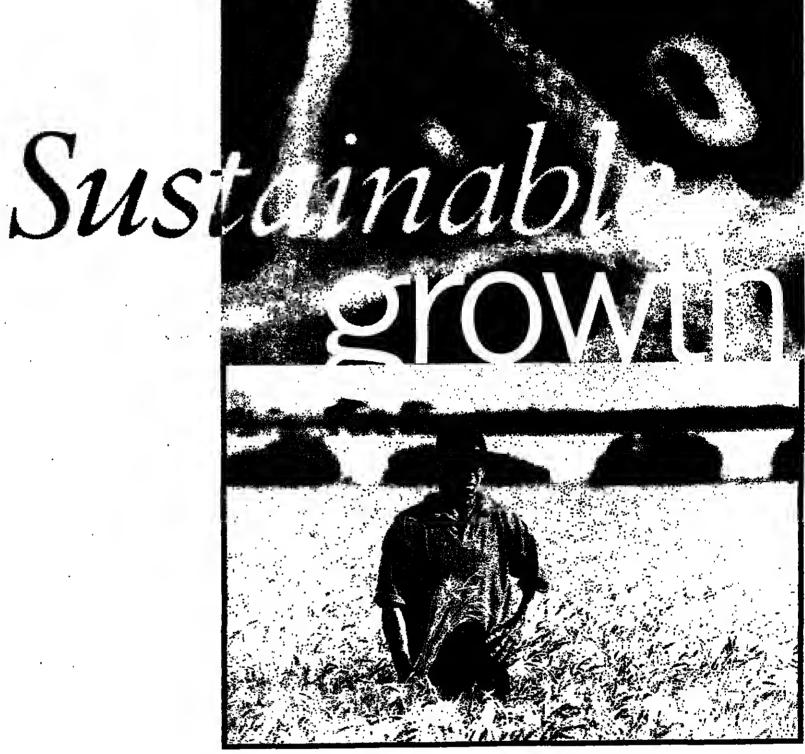
The Osteria dei Binari, i Via Tortona, is in the Navigli district, the bub of Milanese night life. The Osteria, in the style of an old Milanese inn, with heavy wooden chairs and tables and iron lamps, and a large garden, exudes atmosphere and offers traditional fare of Lombardy, Milan's region. The fixed price menu is \$34.75, without drinks. Reservations suggested. (39-02) 89409428. Closed Sunday. Ristorante Peck, across

from the specialty foods shop of the same name, is stylish and intimate. A wide-ranging menu includes all the Milanese classics, from risotto alla Milanese, with saffron, to osso bnco and cottoletta alla Milanese. Dinner for two starts at \$135 with a nice bottle of wine. 4 Via Victor Hugo, (39-02) 876774. It is



The visitor can climb to the roof of the vast Gothic Duomo and get a close look at the golden statue of the Virgin





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Custello Sforzesco houses a Michelangelo Pieta.

**U** NOVARTIS



Cosi Ridevano

Directed by Gianni Amelio. Italy. This production won the Golden Lion for best film at this year's Venice Film Festival against exceptionally weak com-petition. Entore Scola, the Italian director who headed the jury, was subsequently quoted as saying that at one point in the panel's deliberations the film had only one vote in its favor, and one member had described it as "industrialized sentimentality." Although this is the first Italian film to win Venice's top prize for a decade, local critics have also been divided as to its merits. "Cosi Ridevano" means, literally, "The way they laughed" (though its makers have rendered this in English "The Way We Laughed"). This is a reference to a newspaper jokes column contemporary with the story's setting in the late 1950s and early 1960s. and is an index of the film's general tendency to an obscure particularity that risks leaving foreign audiences scratch-ing their heads and wondering what it is all about. The film purports to tackle the theme of the mass exodus of labor from the poor south to the industrialized north, unquestionably one of the most important events in the making of modern Italy. Yet it turns out to revolve entirely around the dysfunctional and ultimately destructive relationship between two Sicilian brothers, Giovanni (Enrico Lo Verso) and Pietro (Francesco Giuffrida). The older, illiterate Giovanni comes to Turin above all with the aim of seeing his kid brother through school, hoping he will one day become a teacher. Giovanni is prepared to do any joh, however menial, to realize this vicarious dream, but Pietro spends most of his time playing truant, and eventually disappears. The ill-explained and not very credible denoue ment is so laborious and slow in coming that many exhausted viewers will surely regard it with a sense of numbed detachment. Turin and the look of the period is lovingly re-created in wintry, grainy color, but the film has such a narrow



Francesco Giuffrida, left, and Enrico Lo Verso in "Cosi Ridevano."

focus that it gives very little impression of the wider social drama that was then taking place. It fails, too, where Italian postwar film has sometimes so well succeeded, in giving the poor and inarticulate a voice. Amelio has made interesting, socially-aware films, including "Stolen Children" and "Lamerica," but the awarding of the Golden Lion to this one is unlikely to colden Lion to this one is unlikely to enhance his reputa-tion. (Roderick Conway Morris, IHT)

Directed by Roger Planchon. France. Roger Planchon, a grand old man of the theater, relies on tricks of the trade when he takes to the screen. His stylish, stagy version of the life and times of Henri de Toulouse Lantrec has much to admire — color, speed, drama — but never leaves room for wonder. This is the kind

inist in love with the little man, as she (Anemone), is a strong woman, bound hy religion, who copes with a childish husband (Claude Rich) and who tries to

of a script that drops names un-abashedly: Hello Van Gogh, you look a little low today, and isn't that old geezer intle low today, and isn't that old geezer in the nightcap Renoir? While modern history is being made, from the kickoff of French cancan to the shock of Art Nouveau, the characters sound as though they were quoting from diaries. Elsa Zylberstein plays the artist Suzanne Valadon as a Belle Epoque feminist in love with the little man, as she calls him, but jealous of his talent. For once Toulouse Lautrec (Regis Royer) is not portrayed as a raunchy besorted dwarf, but as a sensitive man, living in the wrong body, and his relationship with his parents is treated with nuance. The mother, Adele de Toulouse Lautrec

ARTS GUIDE

#### AUSTRIA

Vienna 20er Haus, tel: (1) 317-6900, closed Mondays, To Nov. 1: "Felix Gonzales-Torres." A retrospect-ive of the works of the New York artist who died in 1996 at age 38. Gonzales-Torres resorted to the formal vocabulary of Minimal and Conceptual Art of the 1960s, while charging it with concepts of love, transience and death. www.mmkshw.or.at/mmkshw

#### BELGIUM

MORLANWELZ Musee Royal de Mariemont, lef: (64) 21-21-93, closed Mondays. To Dec. 13: "Medecine et Societe To Dec. 13: "Medecarie et successe en Grece Antique." A survey of the medical world in Ancient Greece that documents the definition and role of doctors, healing gods and pharmacopoeia. The exhibition brings togather vases, statues, inscriptions and Instru-

#### BRITAIN

Design Museum, tel: (171) 378-6055, open daily. To Jan. 3: "The Work of Charles and Ray Eames: Painting and Sculpture." A ratro-spective of furniture, buildings. photographs, toys and multimedia created between the 1940s and the fate '70s by the American husband-and-wife design partnership, whose aim was to make everyday life functionally and culturally better for all.

Royal Academy of Arts, tel: (171) 300-8000, open daily. To Dec. 16 "Picasso: Paintar and Sculptor in Clay " Attracted by the diexidity of clay and its pictonal and sculptural possibilities, Picasso worked with the material during The last 30 years of his life. More man 200 pieces are exhibited. Also. Continuing/ To Oct. 4: "Chagall: Love and the Stage" Focuses on the oight years the arist (1887-1985) spont in Russia between 1914 and 1922 when he created mural paintings, costurne and set designs for the State Yiddish Theater in Mos-

www.rovatacademy.crg.uk

#### DEHMARK

Louisianz Museum of Modern Art, tel: 49-19-07-19, open daily. To Jan 10: "Joan Miro." A retrospective of more than 150 paintings, drawings and sculptures by the Spanish artist (1893-1983). who was often classified as a Surrealist, although his work spans a much wider range. www.kouisiana.dk

#### FRANCE

Journees Europeennes du Patrimoine. Sept. 19 and 20. More than 10,000 religious, military and administrative buildings, castles and factories throughout France open their doors to the public.

Jeu de Paume, tel: 01-47-03-12-50, closed Mondays. To Nov. 22: "Pierre Alechinsky." More than 100 paintings, china ink drawings and works on miscollaneous types of paper by the Belgian painter (born 1927), who was a member of the Cobra movement. Also, to Nov. 22: "Kcho." Assemblages made the Cuban artist (born 1970) from materials that connote Cuba

Musee d'Orsay, tel: 01-40-49-48-14, closed Mondays. To Jan. 3: "Millet — van Gogh." A juxtaposition of paintings, drawings and pastets by van Gogh and Jean-Francois Millet (1814-1875), locusing on lytical renditions of life in the fields and documenting the in-fluence the French master had on

#### ISRAEL

TEL AVIV Tel Aviv Museum of Art, tel: (3) 696-1297, open daily. To Nov, 28: "Isaac Israels: Chronicler of Life." The Dutch artist (1865-1934) documented the streets and the people of Amsterdam in a style





Paintings by van Gogh, left, and Millet, in an exhibition at the Musee d'Orsay in Paris, show the influence of the French painter on van Gogh's work.

larly Manet and Degas. www.tamuseum.co.il

Pafazzo Medici Riccardi, tel: (055) 27601, closed Wednes-days. To Nov. 1: "Antinoe Cento Anni Dopo." ftems excavated or the site of Antinoopolis, a city founded in Egypt by Emperor honor the memory of his favorite, Antinous. Features textiles, papyrus, pottary, statuary and paintnas on wood.

VENICE Palazzo Grassi, tel: (041) 522-9875, open daily. Continuing/ To May 16: "I Maya." One hundred ns trace the development of the Maya civilization in Central Amer-ica and Mexico.

#### JAPAN

Tokyo Metropolitan Art Museum, tel: (3) 3823-6921, closed every third Monday. Continuing/ To Oct. 4: "Masterworks from the Carmen Thyssen-Bornemisza Collection. More than 90 paintings on loan from the Madrid collection. The works cover European and Amencar painting from the 18th century to the beginning of the 20th century. Netional Museum of W

Art, tel: (3) 3828-5131, closed Mon-days. To Dec. 6: "Claude Lorram and the ideal Landscape." Centering on 60 paintings, drawings and prints by the 17th-century French artist, the axhibition also includes 90 works by artists of the "ideal Land-scape" lineage, including Turner. QLCQ.EWITIN WWW

#### SOUTHKOREA

1998 Kyongju Culture Expo, tel: (53) 950-2555. To Nov. 10: "The New Millennium Smile." An International cultural exposition: One exhibition brings together works on smiles by Korean multimedia artists, including an installation of 108 TV morators by Nam June Park, and works by foreign artists. such as Bruce Nauman. Steina Vasuka, Bifl Viola and the Bering artist Feng Memoto (bom 1966). Another "World Crylization" axhibition showcases items from four ancient civilizations: Egypt, Yellow River, Indus and Mesopotamia.

Fundacio Caixa Catalunya, tel: (3) 484-5900, closed Mondays. To Dec. 6: "Durer in French Collections." Engravings, drawings, etchings by Albert Durer (1471-1528). The ex-hibition also includes books he wrote on drawing and architecture.

VALENCIA IVAM Centre Jufio Gonzalez, tel: (6) 386-30-00, closed Mondays.
To Nov. 29: "Terry Winters." A selection of recent works by the
American artist (born 1949). First
an abstractionist, Winters started using botanical sketches of spores, pods and crystals in his

#### UNITEDSTATES

paintings and drawings.

Los ANGELES Getty Center, tel: (310) 440-7360. closed Mondays. To Nov. 29: "Fusels to Menzel: Drawings and Watercolors in the Age of Goethe." Approximately 80 drawings and watercolors produced between 1750 and 1850, but German Greeking. and 1850 by German-speaking artists from Central Europe, such as Fuseli, Friedrich and Menzel. www.getty.edu

Metropolitan Museum of Art, tel: (212) 570-3951, closed Mondays. To Dec 13: "Letters in Gold: Ottoman Calligraphy," Features 70 objects from the largest private objects from the largest private collection of Ottoman calligraphy in Turkey: illuminated copies of Korans, calligraphic compositions as well as *firmans*, or impenal edicts, warrants and patents. Also, To Jan. 31: "Jade in Ancient Costa Rica." Approximately 100 jada objects dating from 300 B.C. to A.D. 200 that combine human to A.D. 700 that combine human and animal imagery with the shape of a functional tool.

www.metmuseum.org Whitney Museum of American Art, :el: (212) 570-3633, closed Mondays and Tuesdays. To Nov. "Mark Rothko." Approximately 115 works on canvas and paper by the American artist (1903-1970). Works span Rothko's early period in New York, his experimentation with mythological themes in the early 1940s, and his abstract "multiforma" later in the decade. The exhibition will travel to Paris.

San Francisco War Memorial Opera House, 181:

Sept. 23, 26, 29, Oct. 2, 4, 8 and 11): The world premiere of "A Streetcar Named Desire," based on the play by Tannessee Willems. The libretto is by Philip Littell and the music by Andre Previn who conducts the first four performances and Renee Fleming creates the role of Blanche DuBols. www.stopera.com

National Portrait Gallery, tel: (202) 357-2700, open daily. To Nov. 29: "Andy Warhol's Flash ... November 22, 1963." In this portfolio of 14 prints, Warhol interprets the print

and broadcast coverage that fol-lowed Kennedy's assassination. www.npg.si.edu

#### CLOSING SOON

Sept. 21: "The Courtauld Collec-tion." The Art Gallery of Ontario,

www.ago.net Sept. 22: "Tony Smith." Museum of Modern Art, New York.

Sept. 20: "Muromachi to Edo Period Mirrors." Kyoto National Museum, Kyoto.
www.kyonaku.go.jp
Sept. 20: "Shikanosuke Oka." National Museum of Modern Art,

www.momak.go.jp

Sept. 23: "Costumes from Samurai Movies." Art Collection Pavillion, Chofu, Tokyo.

Europe
Sept. 20: "Sculpture in the Light of Photograph, 1850-1990." Palais Liechtenstein, Vienne.
Sept. 20: "Efficies & Ecstasies: Roman Baroque Sculpture and Design in the Age of Bernini." Netional Gallery of Scotland, Ediaburational Gallery of Scotland, Ediaburation. inburgh. Sept. 20: "The Print in Stuart Bri-tain, 1603-1689." The British Mu-

seum, London. Sept. 20: "Warhol and Beuys: Loans from the Froehlich Collection." Tate Gellery, London. www.tate.org.uk

Sept. 20: "Bernini and the Birth of Baroque." Gallerie Borghese, Sept. 21: "L'Apparence des Cieux: Astronomie et Astrologie en Terre d'Islam" and "Bassano and His

www.echonyc.com/-whitney/ French Museums." Musee du Louvre, Paris. (415) 864-3330. Sept. 19 (also on



understand a son at odds with his background. Albi, its chateau and traditions, is not the kind of place a creative boy can grow in, and Monumartre, its rebel artists and low life, is ready to be dis-(Joan Duport, IHT)

#### SLUMS OF BEVERLY HILLS

Directed by Tamara Jenkins. U.S. Tamara Jenkins's playfully autobiographical "Shums of Beverly Hills" begins with the spectacle of Murray Abramowitz (Alan Arkin) overseeing the purchase of his daughter Vivian's first bra. It's a moment, like many in the film-that leaves Vivian (Natasha Lyonne) wide-eyed and aghast, incredulous over what goes on in her family. And no matter how such a father-danghter episode might play today, the film is set in a 1976 that it remembers as a more innocent time. In this atmosphere, Murray's behavior is simply overbearing and nosy beyond belief. With a wry air of having been here and done this, Jenkins (who developed her story at the Sund-ance Director's Lab) then leads her audience on a guided tour of the nomadic habits of the Abramowitzes, whom she has described as "Jewish Joads." No "Grapes of Wrath" setting here, though: The film's characters simply wander

from one garishly named apartment to another on the fringes of Beverly Hills, where the divorced Murray is determined to keep his daughter and two sons.
'I wanted to show the sweetness and weithess of people who will do anything to maintain their dignity," Jenkins has said. And her idiosyncratic family story does exactly that, while also chroniciling event applicance of the people with the people of the people o story does exactly that, while also canonicling every embarrassment that heralds Vivian's sexual coming of age. Umusually frank in this regard, the film (which makes ample use of body doubles) watches Vivian tentatively experiment with the boy next door, a guy named Eliot (Kevin Corrigan), who is proud of his Charles Manson T-shirts. It also notes Vivian's amazement at the way Rita (Marisa Tomei), her zany, glamorous cousin who is just out of rehab, flounces about in the buff, even in the Abramowitz living room. Jenkins makes the most of an especially ingratiating cast, with Tomei very charming and funny as Rita, Corrigan as slyly flintatious as a Manson fan can be and David Krumholtz as the wisecracking brother who fits right into the Abramowitz ethos. All of them, especially Lyonne and Arkin, project a crazy sincerity that turns this personal and nostalgic cornedy into a very true story indeed. (Janet Maslin, NYT)

WORLD'S MOST

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NEWS-

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assembled a staff of selected journalists.

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WHY Do FOOLS FALL IN LOVE?

EU Offers Exp Directed by Gregory Nava. U.S.
Why DO fools fall in love? Better yet, why do fools take a perfectly fascinating story—the brief life and career of 1950s doo-wop singer Frankie Lymon and the three women who married him - and turn it into 2 dull and frustrating movie? The trouble with "Why Do Fools Fall in Love" (which takes its title from the hit song of 1956 by 13-year-old Frankie Lymon and his backup group, the Teenagers) is certainly not the source ma-terial. In the brief time from when he hit the charts to his death by heroin overdose at age 25, the precocious Lymon (here played by Larenz Tare) managed to bed and wed a succession of three women — petty thief Elizabeth Waters (Viveca A. Fox), pop vocalist Zola Taylor (Halle Berry) and schoolteacher Emira Eagle (Lela Rochon). In fairness to this trio, their over-the-top performances are quite probably due to the appearance in the film of limelight-hogging Limber Richard as himself. It's no wonder that the three actresses have to emote a bit just to seem like they are on the same planet as this scenery-chewing ham.
(Michael O'Sullivan, WP)

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### INTERNATIONAL

### EU Offers Experts to Russia, but No Cash Now

By Barry James
nternational Herald Tribuna

BRUSSELS — A high-level delegation from the European Union met Thursday for the first time with members of the new Russian government, proposing to send banking and financial experts to help Moscow stem its economic meltdown, but without offering additional infusions of cash.

EU sources said the talks with Prime Minister Yevgeni Primakov and other Russian leaders would be aimed at refining and refocusing the European Union's 1994 political cooperation agreement with Russia, which provides for wideranging technical cooperation.

Hans van den Broek, the European commissioner in charge of relations with Russia, appealed for the new government to appoint a minister to coordinate the political cooperation agreement.

The EU maintains it could become an effective means of helping Moscow overcome the crisis.

EU officials said that sending more cash before Russia carries out essential reforms in its banking, tax collection and financial systems would not solve the problems.

Why not send top people from German or

network.

resources.

Every day.

Europe/

Austrian or other European banking circles for a certain period of time, who can show the Russians how to organize banks?" said Foreign Minister Wolfgan Schuessel of Austria, who headed the Much of that aid has been applied to ensuring

Also in the delegation were Klaus Kinkel, the

"We want to find out how things go in Russia,"
Mr. Kinkel said. "We want to hear it from the prime minister himself."

He added that reforms could not be imposed from outside but would have to come from the

giving the impression that it was helping Moscow egain its old "sphere of influence."

The bulk of EU financial aid to Russia is

channeled through the International Monetary

all over the world to bring you a view that

newswire service, it all adds up to the

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Volfgang Schuessel of Austria, who headed the U delegation.

Austria holds the revolving presidency of the U.

Much of that aid has been applied to ensuring nuclear safety in Russia, including a program that has provided training and job opportunities for about 20,000 nuclear scientists and engineers.

Officials at the European Commission the EU's

Officials at the European Commission, the EU's German foreign minister, Joyce Quin, minister of state in the British Foreign Office, and Mr. Van den under the TACIS program to help solve the economic crisis.

For example, despite what the commission president, Jacques Santer, called "a great inertia" on the Russian side, Europe is helping Moscow establish a program to combat customs fraud, which costs the Treasury an estimated \$6 billion a year.

Russians themselves.

Officials in Brussels said the EU did not want to be seen as supporting the Russian bureancracy or experts on public finances, fiscal reform and debt control to help the new administration.

In addition, it would finance a program to enable 2,000 Russian businessmen and women to work in European companies next year.

Fund and other international organizations.

But since 1991, the EU has sent almost 2 billion
European currency units (\$2.3 billion currently) to

Following up on the visit by the foreign affairs officials, the finance minister of Austria, Rudolf Edlinger, is scheduled to go to Moscow next



Joyce Quin, British minister of state, and Foreign Minister Wolfgang Schuessel of Austria meeting with Mr. Primakov on Thursday.

week for more detailed talks on the economy.

The Austrian government said Thursday that plans were going ahead for President Boris Yeltsin to visit Vienna on Oct. 27 for talks with Chancellor Viktor Klima, Mr. Santer and other EU leaders.

### RUSSIA: Yeltsin Hits a Snag on Cabinet

Continued from Page 1

resign," he said.

If he does go, it will be viewed by many as an indication that the new government is moving further from Westem-style economic policies that encourage competition and fiscal restraint and toward Communist tenets such as state control of industry.

On the financial front, the deputy head of the central bank said Thursday that the bank intended to bail out many of the nation's bankrupt financial institutions by buying back their multibillion-ruble portfolios of government bonds and treasury bills.

The government temporarily froze \$40 billion worth of bonds when the lacked the money to pay investors who hold them. The government had originally

pledge to end the freeze and resume redemptions of the bonds.
But Mr. Shokhin said the government should instead begin negotiations with

bondholders over a longer-term schedule to repay investors.

ately would give them preferential treat-ment over other bondholders inside and how the nearly broke government would find the money to pay off the banks, the deputy, Andrei Kozlov, replied: "Emissions, of course, emissions." "Emis-

sions" is a euphemism for printing In the minds of most Western experts, Russia's banks have in large part been

investment banks than the checking-and-savings institutions Russians need. suggestion made on I hursday emment does not be that Russia's government is about to citizens' demands.

embark on a serious spending program. Mr. Yeltsin told his defense advisers "I have strong nerves and will not to prepare to pay soldiers and other sign," he said.

military personnel half of the 16 billion

million at the day's exchange rate.

[In Washington, Mr. Summers told Congress that Russia had gone through a series of setbacks in August that made it exceptionally difficult for international authorities to decide bow to help it, Reuters reported.

[He said steps Russia had taken so far to devalue and restructure its debt were 'drastic measures' that needed explaining to its foreign creditors.

[Mr. Summers said that it was "difficult to exaggerate the uncertainties" in trying to shape an international effort to help Russia regain financial stability, fiscal crisis erupted last month because it because it was unclear the direction that Russian authorities were taking themselves to deal with it,

[ He added that Russian economic policy "collapsed" in August when it adopted the "cnormously risky course" of simultaneously devaluing the ruble, imposing a moratorium on debt repayment and restructuring bonds.]

The flip side of the concerns is that A decision to repay banks immedi- failure to spend money on such pressing demands as back pay for soldiers will only increase prospects for disorder.
One of the major reasons Russians

Asked by the Reuters news service have diminishing confidence in their tow the nearly broke government would government is that it has failed to provide basic services such as pensions, welfare and wages to state employees.

At least some of those payments have gone by the wayside because Mr. feltsin's last two governments have refused to print extra money. The Communist Party is organizing

woefully mismanaged, acting more like what it promises will be a peaceful mass protest against the Yeltsin government for Oct. 7. But its leaders have said they The central bank statement was not cannot keep a lid on anger if the gov-

#### BRIEFLY

#### West Bank Student Dies in Shooting

RAMALLAH, West Bank, -Jewish settlers opened fire on a group of Palestinian students near a school Thursday, and one of the youngsters died of wounds in a hospital, witnesses and doctors report-

Israel Army Radio quoted an unidentified Israeli security official as saying that the settlers had shot at stone-throwers.

"There were about 10 of us returning from school," according to a student, Hussein Iyad. As he described the incident, some settlers drove up. "There were three of them," he said, "and two opened fire, wounding four people. There was no stone-throwing." (Reuters)

#### Protests in Lesotho Shut Down Capital

JOHANNESBURG - Demonstrators in the kingdom of Lesotho closed down government offices and businesses Thursday to protest election results while a week-old mutiny by junior army officers continued to seethe.

Armed soldiers looked on but did not intervene as demonstrators surrounded government offices and many businesses. (AP)

#### Ivory Coast Battles Rioters in Capital

ABIDJAN, Ivory Coast - Riot police and paramilitary commandos lobbed tear gas and assaulted protesters and commuters Thursday in a display of force amid growing

unrest following the killing of a taxi driver by the police.

Detachments of officers at road-blocks throughout the western suburbs of Abidjan, the commercial capital of Ivory Coast, dragged civilians — mainly taxi and minibus drivers — out of their vehicles to kick and beat them with whips, gun

#### Colombia Dumps **Liquor Into Sewers**

BOGOTA - Colombian authorities have dumped 60,000 bottles of bootleg liquor into sewers as part of President Andres Pastrana's campaign to crack down on a booming trade in contraband goods.

The National Tax and Customs Department said the contraband alcohol included sparkling wine, whiskey, vodka, tequila and wine. (Reuters)

#### TRADE: U.S. Faces Asian Wall

Continued from Page I

The deterioration in July reflected a big jump in the U.S. deficit with Pacific Rim

David Aaron, U.S. undersecretary of commerce for international trade, said Thursday that Asia's crisis had increased the risk of U.S. protectionist measures. Speaking in Bangkok near the end of a two-week export-promotion trip to four Southeast Asian nations, he said markets had to be kept open for countries to recover from the crisis.

"At any time of difficulty there are temptations to protectionism that are as great in my country as in others," Mr. Aaron said.

The collapse of the talks in Seoul raised the possibility of trade sanctions if South Korea does not change its stance by Oct. 19. Under the United States' so-called Super 301 provision, Washington can mpose sanctions on nations a period when sales of South request to lower its tariffs on

deemed to have put up trade barriers to U.S. goods. Mary Latimer, who heads

the team as Korea director for the Office of the U.S. Trade Representative, declined to comment, but representatives of American motor-vehicle companies said that market access had tightened in the year since the talks began.

"There are basically no imports here," said Wayne

Chumley, president of Chrysler Korea Sales Co. Chrysler in the first cight months of this year led foreign car companies, selling 467 vehicles in South Korea, compared with 1,650 vehicles sold last year.

and General Motors Corp. sold none, according to the Korea Automobile Importers and Distributors Association. South Korean officials in-



David Aaron, left, meeting on Thursday in Bangkok with Paitoon Kaewthong, a Thai commerce official.

market have plummeted by 50 percent from last year, and parts and materials.

Kim Ho Shik, deputy fi-nance minister, said Seoul dicated they were not sym-pathetic to U.S. complaints in had no intention of honoring a

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Ford Motor Co. sold 401 Korean cars on the domestic vehicle imports to 4 percent cars in the first eight months, market have plummeted by from 8 percent He said 2 percent cent was "already low sales abroad are crumbling compared with tariffs of 10 to because of a lack of funds for 12 percent levied by European countries.

> Thomas Crampton contributed to this report from

### **CROSSWORD**

THE WORLD'S DAILY NEWSPAPER

**ACROSS** 1 Made **8** Grippers 14 Submission ments 17 Started to save. 18 Take post-battle Make out 20 Forum greeting 21 Knock for ---26 Jazz trumpeter Ziggy 30 Gruff-sounding

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Solution to Puzzle of Sept. 17



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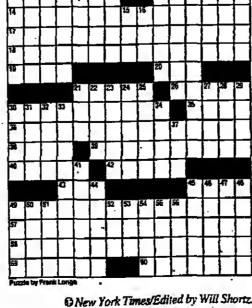
27 Niger neighbor ("Nonsense!"): 29 Lead role in a 60's TV drame 30 Object of union 31 More than #k 32 South African Nobelist 33 Juicy treat from Southeast Asia

34 Neighbor of Hercules in the night sky 37 Like some ears 44 Graft recipient 44 Powerful Mideast force 45 Bullett director 48 Mittimus and mandamus 47 "Thieves" Highway" star 42 Ragged Dick's creator 49 20'5 suppliers so Big name in computers

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#### **Herbal Drugs** Amandam, The Natherlands Askoniz USA **Under Scrutiny** Brighet, Therbrid Bart Senterland Washington Post Service

WASHINGTON — Herbal medicines range from potent pharmaceuticals to use- and sometimes hazardous - sobstances, although it is often hard to determine which category a given preparation falls into.

Those are among the conclusions reached by several groups of clinical investigators, who report their experience with herbal medicines the current issue of the New England Journal of Medicine. The journal carries two articles and three letters that sketch the problems and promise - but mostly the problems

- of herbal therapy. The reports are accompanied by an editorial calling for rigorous oversight of herbal medicines, which can be sold in the United States without a prescription if they are labeled

dietary supplements. Like virtually all forms of "aliemative" or "complementary" medicine, medi-cinal herbs are becoming more popular in the United



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The 1,000 most traded National Market securities
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### Trust the Hands that Lead.



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Continued on Pages 20 & 21

### Greenspan's Warning on Asian Risks Reignites Deflation Debate

By Alan Friedman International Herald Tribune

ROME - A warning by the Federal Reserve Board chairman, Alan Greenspan, about a wave of "deflationary forces" from Asia's economic crisis triggered a fresh debate Thursday about the vulnerability of industrialized economies in the West as it belped undermine share prices around the world.

On Wednesday, Mr. Greenspan told Congress that the crisis in Asia was far from over, adding, 'I would certainly say that in East Asia and increasingly in the rest of the world, deflationary forces are continuing to emerge" and are moving toward the United States.

The word deflation evokes memories of the global economic crisis of the 1930s. Then, as deflation took hold, prices and wages crashed along with the stock market, producing widespread unemployment, bankruptcies and the general suffering that became known as the Great Depression

Today, as the tidal wave of Asia's financial woes continues to wreak havoc around the world, and as even the leading industrialized nations find themselves unable to stanch the crisis, more and more economists and top officials are warning of the threat of global deflation,

Michael Hartnett, a senior international economist at Merrill Lynch & Co. in New York, said Thursday that "Mr. Greenspan was right to signal that global deflation is a risk."

Mr. Hartnett called deflation "a vicious word" and said, "If global deflation exists, then the likelihood of a prolonged global slump is there, as in the 1930s."

But other economists, even within Merrill Lynch, disagree with Mr. Hartnett. Indeed, opinions differ greatly as to what is meant by deflation, how great the threat is and what parts nf the world it might affect.

A quick survey of prominent economists Thursday found most maintaining that deflation in its pure sense is a dangerous reality only in Japan and in some of the fallen Asian oger economies -- countries that make up around 30 percent of the world economy. This analysis has

global implications.
Indeed, the IMF warned Thursday that global growth for 1998 was being revised down to just percent, from the previous official forecast of

But at the same time, most economists said that in North America and Europe, which account for about half of the world economy, growth will continue, albeit at a slower rate. They said the problem is not so much a de-flationary spiral as a falling inflation rate, which can actually be a positive factor.

Several senior U.S. and European officials dismissed the idea of a whirting dervish of deflation boring down on the developed world. "Even if glnbal growth stays in the 2 percent

range," said a former top U.S. central banker, is not deflation but lower inflation rates the risks of deflation in the classical sense are

He and other economists noted that Eu

The same view was offered this week by Tommaso Padoa-Schioppa, a member of the board of the European Central Bank, who dismissed the idea of deflation in European financial markets.

Mr. Hartnett is one of the authors of a recent Merrill Lynch report. It warned that a slowdown in global trade caused by the Asian crisis is pushing commodity prices to record lows, cansing corporate profits to shrink, and thus creating glubal deflation risk.

The risks of global deflation," he said, have risen as a result of recent declines in the prices of commodities, goods and assets in Japan, and elsewhere in Asia, while North America is experiencing a weakness in certain prices such as commodities, some manufactured goods and equity prices, and that may be fullowed by real estate.

The term deflatinn is so loaded that just days after the Merrill Lynch report, a fellow anthor — the firm's European economist, Holger Schmeding, in London — put ont a dissident opinion, "Deflaming the Deflation Danger," which noted that "the scary term deflation is noten used in a loose fashing."

Mr. Schmieding, while declining to comment oo the apparent cootradicoon inside Merrill Lynch, said that what the West is experiencing

He and other economists noted that European inflatioo stands at around a 1.4 percent annual rate, while the latest consumer price index for the United States, released Thursday, showed an annual core rate of 2.5 percent. Only Japan has a documented deflation rate, with consumer prices falling by 0.1 percent and wholesale

prices by 0.2 perceot.

Carl Weinberg, an economist at High Frequency Economics in New York, stressed that "what we are seeing in Group of Seven in-dustrialized countries is a decrease in oil and other commodity prices relative in everything else, and commodity prices are less than 10 percent of the total cost hundle while wages are two-thirds or more."

Wages, he noted, "are not going down in the United States or in Europe, and to suffer de-flation it is not ecough for prices to be falling,

"While in Japan we definitely have a de-flationary spiral," Mr. Weinberg added, "this is not the case worldwide. In Russia, if anything, there is the risk of hyperinflation. In the United States, if we have lower prices accompanied by a slowing of growth. That is stagflation, not deflatioo."
What, then, was Mr. Greenspan trying in say

when he meotioned deflationary forces?

"I think what he was saying in Greenspanese was that he thinks the world economy is going to brake economic growth in the U.S., and now it is just a question of how much," Mr.

Weinberg said. That, indeed, was at least part of the Fed chairman's message Wednesday. Mr. Greenspan said there was evidence in the United States that robust growth was slowing and investors were becoming more nervous about how the global crisis was affecting the domestic

financial system. "I would say that, despite the still very solid American economy as of now, there are really the first signs of erosioo at the edges, especially

in manufacturing," he told Congress.
In London, Alison Cottrell, senior economist at PaineWebber, argued that the fact that commodity prices are at record lows and corporate profits are slipping does not signal deflation. "If anything, cheaper commodity prices in the United States and Europe make people

spend more," she said. In Paris, the Paribas economist Paul Mortimer Lee said he did not predict deflation in the United States or Europe. "There will only be a risk of deflation if we get a fully fledged Western banking crisis, and a credit crunch, and then

declining activity and consumers cutting back and asset prices falling sharply."

Such a banking crisis in the West, he said, would occur only "if something nasty happens in the Japanese banking system that causes prob-lems in the West, and I am not expecting that."

### Gloom in Hong Kong

Joblessness at a 15-Year High and Rising

By Philip Segal International Herald Tribune

HONG KONG - Deep in omist at SG Securities. recessioo and saddled with

and manpower, Joseph Wong, said be saw no imminent relief Underlining from a trend that private economists say could raise unem-

solidation period brought about largely by external ecooomic factors, high unemployment will inevitably remain with us for some time," Mr. Woog said.

The unemployment rate will plunging currencies in the rest in tourism.

probably hit 6 percent this of Asia, Hong

the quarter from June through health of some of Hong Asian neighbors Koog's banks, which are has eaten into The secretary for education beavily dependent on mort-business profits

what in parts of Asia has layoffs. already surpassed the Great ployment to 7.5 percent or Depression of the 1930s in the drew some hope higher by next year. speed and magnitude of eco-"As Hong Kong is still in oomic contraction, Mr. Mo-the midst of a difficult ecothe midst of a difficult ecothe midst of a difficult ecothe midst of a difficult economic adjostment and con- growth in the economy will arrivals commal period for a recession, he though the base for compar-

year and 7.5 percent in 1999, Kong's heavy said Clive McDonnell, econ-reliance oo re-Economists have said that rants and hotels high interest rates, Hong a jobless rate of about 6 permeans that the Kong said Thursday that its cent could threateo a big indecline in tourunemployment rate reached a crease in defaults on mort- ist traffic from 15-year high of 5 percent in gages. That could threaten the its now-poorer

Underlining the severity of thousands

Part of Hong Kong's troubles can be attributed to rapto China on July 1, 1997, and Private economists agree. idly contracting demand and suffered an immediate slump

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Mr. Wong

said, is one to two quarters. isoo was extremely low.



probably remaio negative for pared with July One of Hong Kong's job-seekers filling out an application form. about six quarters." The nor- of last year, al-

The service industries are pickup in tourism, given how going to continue to face dif- pretty much the whole region ficulties," said Kim Sun Bae, is under recessionary pres-Northeast Asia economist at sures." Slowing demand in

Goldman, Sachs & Co "You're unlikely to see a

See SLUMP, Page 16

### **Alcatel Profit Warning Hammers Entire Sector**

Telephone Giant Sends Shock Waves Around World

Compiled by Our Staff From Disputches

PARIS - A profit warning by Alcatel SA, the French maker of telecommunication equipment, sent shock waves through the entire sector Thursday, pulling down the shares of rivals and causing its own stock to

Alcatel, the world's fnurth-largest telephone equipment maker, warned that its profit would not meet forecasts this year because major European clients were curbing investment and recession in much of Southeast Asia is eroding sales.

The warning caused investors to dump the stock, shaving \$11.1 billion off its market value. Trading in the stock was halted seven times before it closed at 571 francs (\$100). down 356. Its plunge helped pull the CAC-40 index of blue-chip companies on the Paris Bourse down 5.47 percent, to 3,525.26

The profit warning, just as Alcatel was beginning to benefit from a three-year rearganization, stunned investors, it underscored concern that Alcatel, together with rivals such as Ericsson AB and Motorola Inc., would see clients cut spending on telephone equipment around the world this year, not just in Asia.

Telecommunications stocks across Europe and the United States fell, including equipment makers Ericsson, Nokia Oy and Philips NV. Telephone companies such as Deutsche Telekom AG and France Telecom SA also fell, In U.S. trading, Lucent Technologies Inc. fell \$4.25 to close at \$72,125, Tellabs Inc. lost \$3.50 to \$40.125, and AT&T Corp. was down

81.25 cents to \$57.50. 'This is a major shock," said Patricia d'Ille, a fund manager at Bacnt-Allain Ges-tion in Paris. "If there's one company that one wasn't expecting this kind of bad oews

from, it's Alcatel." Many analysts had been recommending that clients buy Alcatel stock, in addition to other telecommunications companies

Alcatel said analysts' forecasts for income from operations at its core telecommunications division were nff the mark by at least 1.5 hillion francs. It now expects profit from operations at the unit to rise "at best" some 30 percent from the 3.1 billion francs reported for 1997.

That news overshadowed a tenfold jump in first-half net profit, in 15.2 billion francs, buoyed by gains from asset sales.

Alcatel said fresh competition in Europe's \$160 billion telephone market was forcing farmer state manapolies from Deutsche Telekom to Spain's Telefonica to roll back spending, rather than increasing it. That has compounded the impact of recession in parts of Asia and debt defaults in Russia.

Analysts said the punishment meted nut to Alcatel stock also reflected a sudden loss of confidence in a management on which the market had put high hopes for rapid profit

Alcatel's chief executive, Serge Tchuruk, finished a cost-cutting program in June with the sale of part of Alcatel's stake in Alstom SA, an engineering venture with General Electric Co. of Britain.

They also warned that the slump in telecommunications stocks had been exaggerated by the rapid rise in the sector over the last few

"Investors have been buying these stocks for fast growth, and they are trading at a big premium, a London-based analyst said.
"That means they are extra susceptible to any

signs of the litters. Indeed, Alcatel's rivals said they did not share its bearishness.

"If Alcatel issues a profit warning, it means that is how they judge the situation." said Pia Gideon, head of information at Ericsson. "We do not judge the crisis in Asia requires us to issue any information.

But Ericsson's shares fell 17 Swedish kronor (\$2,18) in close at 160. Nukia, another Nurdic mobile-phone giant, lost 30 Finnish markkaa (\$5.80), finishing at 385.

'Investors had expected telecoms shares in be safe havens in times like these," said Michael Krinner, a stock manager at Bank fur Handel & Effekten in Zurich.

A spokesman for Alcatel said the company had oo enmment on the drop in its share price. Mr. Tchuruk, speaking on French television about the profit warning, said, "What counts is the fundamental trend, and that has absolutely nnt changed for Alcatel."

Alcalel's profit warning came only a week after it completed its \$4.4 hillion acquisition of Texas-hased DSC Communications. Mr. Tchuruk said Thursday he was still looking to acquire start-up companies or new technol-ngies, rather than branching out on bigger targets. (Bloomberg, Reuters)

### Thinking Ahead /Commentary

### Hold the Obituary; Capitalism Is Alive and Well

By Reginald Dale

ASHINGTON - Despite what you may have heard, capitalism is not oo its last legs. The free market remains the most efficient and productive system for organizing buman economic activ-

It is important oot to lose sight of that basic truth as the world struggles through an economic and financial crisis unlike any before a crisis that some extravagantly claim marks a historic turning point away from capitalism and economic globalization. That claim derives from muddled

thinking. Many of those making it have mistakenly concluded that if a country cannot implement free market policies, there must be something wrong with the policies, not the country. They are confusing globalization with a failure to adjust to it.

To claim globalization caused the current crisis makes about as much sense as it would have done in blame

the Industrial Revolution for train not that free markets are that. De-wrecks in the early days of the railroad. Unfortunately, that has not prevented an incipient backlash against "once-size-fits-all," U.S.style global capitalism.

Exhibit A for those seeking the death sentence on the Western system is Russia. The likelihood that the country's ecocomic and political crisis will propel it back toward state interventionism is said to prove that free market methods have failed in Russia - or that they were never right for it.

Exhibit B is Malaysia, which is trying to insulate itself from global financial markets by means of capital and exchange controls. Other evidence includes the apparent inability of free-market remedies prescribed by the Internacional Monetary Fund to save Indonesia and other Asian nations from economic and social disaster.

Bot these examples show nnly that the countries concerned are having difficulty introducing freemarket policies or that the prescribed policy mix may be wrong, Russia never came close to being a free market economy Malaysia may win temporary re-

lief with capital controls, but if it does not use the breathing space to adapt its economy to the modern world, it will slide further toward penury and marginalization.

That is not to say there is nothing to be learned. It is clearly much more difficult than originally thought for a country like Russia to move from communism to the free market. And hindsight has revealed that there were major unacknowledged weaknesses in Asian countries that nltimately eroded their ability to cope

with financial globalization. The probably correct lesson many are drawing is that capital markets should not be opened too quickly in countries lacking strong domestic financial institutions and regulatory and prudential controls.

It is increasingly widely accepted that limited, temporary capital controls, though dangerous, may sometimes be desirable. If wrongly ap-

plied, warns John Llewellyn of Lehman Brothers in London, such controls can lead inexorably to the economic isolation of a Burma or a North Korea. But if financial lessons need to be

learned, the current crisis cannot be used to justify an assault oo other main aspects of globalization freer trade and the explosion of internaonnal communications resulting from advances in information technology.

According to a study by the Or-anización for Economic Coopera tinn and Development, in the past 10 years, countries more open to trade and direct investment have grown twice as fast as those less open.

No other system yet devised does a better job of allocating economic resources than free market capital-But the need is not for a new

system. It is to find ways of ensuring that all the countries that want to benefit from the free market system are able to do so successfully. E-mail address:

thinkahead@washpost.com 3 Found Guilty

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#### In ADM Case Bloomberg News

CHICAGO — Three former Archer Daniels Midland Co. executives, including the son of Chairman Dwayne Andreas, were found guilty Thursday of conspiring to fix the price of lysine, an animal-feed additive. After seven weeks of taped evidence and testimony, jur-

ors in U.S. District Court in Chicago concluded that Michael Andreas, who was on paid leave from his position of ADM vice chairman, Terrance Wilson, a former head of ADM's corn-processing division, and Mark Whitacre, a former division head and FBI informant, had violated federal law.

The verdict is the culmination of a three-year secret

Zwich N.A. 290.25 +1.36 Leaden 287.85 290.50 +2.25 New York 290.00 293.90 +3.30 U.S. dollars per conce. Leaden official flaings Zurich and New York opening and closing prices: New York Cornex (Dec.) FBI investigation at the Decatur, Illinois, grain-processing company and its international competitors. ADM shares closed down 81.25 cents at \$15.4375.

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#### THE AMERICAS

#### Investor's America 30-Year T-Bond Yield Dollar in Yen 1.50 Exchange Thursday Index 04PM Close Chang 7873.77 8089.78 -2.67 U.S The Dow U.S. S&P 500 1018,86 1045,48 ÜS. S&P 100 494,35 507.98 -2.68 ũ.s. -2.26 NYSE Composite 506.35 518.05 Nasdaq Composite 1646.24 . 1689.91 U.S. 2.58 -1.25 U.S. AMEX Composite 621.25 529.13 Toronto TSE Index 5725.10 5906.30 -3.07 -5.27 São Paulo 6432.40 6790.07 Boyespa 3395,48 3414.68 Mexico City Bolss -0.56 360.16 358.60 -5.00 Buenos Aires Merva -0.68 3077.63 **IPSA General** 3856.82

#### Very briefly:

Source Bicomberg, Reuters

 Coca-Cola Co.'s proposed \$850 million buyout of Orangina, a division of Pernod Ricard SA that makes France's most popular soft drink, was blocked Thursday by the French

Capital General

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• NBC, the television-network subsidiary of General Electric Co., plans to eliminate as many as 300 jobs, or about 5 percent of its work force, to offset rising costs.

 Microsoft Corp. lost a bid to exclude from its antitrust trial allegations that it had tried to kill competition from Intel Corp., Apple Computer Inc. and other companies. A judge denied Microsoft's blanket motion to bar testimony from the government's case but said he would examine the issues on a case-by-case basis once the trial starts Oct. 15.

 Canada's trade surplus widened to 1.55 billion Canadian dollars (\$1.03 billion) in July as exports to the United States quoted in an interview with the Ficlimbed and imports of automotive parts and energy fell.

 American Greetings Corp. will take a third-quarter pretax charge of between \$10 million and \$20 million as part of a move to cut costs and maintain growth.

Sun Microsystems Inc., the world's largest maker of powerful computers known as workstations, plans to offer discounts to Russian customers and scrap order cancellation fees to protect its sales in Russia.

Jan. 1, 1992 = 100	Level	Change	%change	year to date %change
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Regional Indexes				
Asia Pacific	72.36	<b>— 0.03</b>	0.04	- 24,66
Europe	203.83	<b>—</b> 8.27	3.90	+ 5,59
N. America	231.13	<b>—</b> 6.18	2.60	+ 7.01
S. America	84.65	- 3.31	3.76	<b>—</b> 44.55
Industrial Indexes				
Capital goods	227.55	10.51	4.41	+ 10.16
Consumer goods	212.48	- 4.39	2.02	+ 1.31
Energy	189.91	3.93	- 2.03	2.59
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Miscellaneous	138.07	<b>—</b> 7.29	5.02	<b>— 7.88</b>
Raw Materials	162.16	4.62	2.77	<b>—</b> 3.04
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### U.S. Banks Loosen Up on Business Loans

MARKETS: Stocks Plunge Around World on Signs of Spreading Recession

By Kathleen Day Kashington Post Service

WASHINGTON - U.S. banks are lowering their commercial lending standards to help their competitive positions, despite a growing risk that business borrowers will default on loans, a survey shows.

The trend is causing concern that American banks will be hit by a wave of bad domestic loans over the next 18 months similar to those they faced in the early 1990s, when realestate developers forced banks 10 renegotiate billions of dollars in loans or face defaults.

The survey, by the U.S. Office of the Comptroller of the Currency. shows that the banks are lowering credit standards on domestic business loans even as economic worries in the developing world and a rise in U.S. personal bankruptcies have led bankers to righten lending

Continued from Page 1

more than 5 percent. The Financial Times-Stock Exchange 100 index of British stocks fell 3 percent the

CAC-40 in France plunged 5.5 per-

cent, and the DAX in Germany

dropped nearly 5 percent. In Tokyo, the Nikkei index of 225 stocks fell 2.38 percent, a sign of

investor skepticism that the gov-ernment's latest plan to nationalize

the most troubled Japanese banks

The prospect of a global slow-

would lead to economic recovery.

down was given new credibility

Thursday when the managing di-

rector of the International Monetary

Fund, Micbel Camdessus, was

nancial Times as saying that the

agency was lowering its forecast for

global economic growth this year to

ously. That would be the weakest

performance since the recession of

1980 and 1981

Indexes

NYSE

NYSE

AMEX

Dividends

percent, from 3.1 percent previ-

On Monday, President Bill Clin-

ton warned of the risk of recession

spreading worldwide and called for

coordinated action to stop the threat,

But subsequent events have merely

underlined the limited tools avail-

billion in conventional lending re-

able. The IMF has less than \$10

sources available, but analysts at J.P.

Morgan estimate that Brazil alone

needs at least \$30 billion a month to

service its foreign debt and finance its current account deficit.

In Europe, some markets tumbled

to other countries as well as to American consumers.

"Projecting risk over the next 12 months, credit risk is expected to further increase in all commercial portfolios," the report says. "Banks are leaving themselves with fewer options to control the risks associated with commercial lending sbould the economy falter."

Banking analysts said they were confident that regulators and bankers had learned a lesson eight years ago and would not let lending practices — or loans — deteriorate to the levels of 1990 and 1991. They noted that regulators now

had legal authority to move in soon-er than they did then to correct problems at banks before they become severe and that the casb cushion that U.S. law requires banks to keep on hand to absorb losses is much larger than it was a decade

dicated that they remain reluctant to

cut interest rates unless they see

more concrete evidence that con-

sumer demand is actually weakening

in the United States and Europe,

GLOBAL EQUITIES

analysts said. Some analysts fear that

the central bankers' caution could

"The risk is that they're not being preemptive enough," said Bill

O'Neill, international strategist at

HSBC Securities in London. The

price of eurodollar interest-rate fu-

tures currently anticipates a balf-point cut in U.S. short-term rates, to

percent, by the end of this year. Mr. O'Neill said that despite Mr.

Greenspan's comments this week,

the spreading market weakness could prompt the Fed to cut interest rates as early as Sept. 29, when its

policy-making Open Market Com-

mittee next meets. Although the cen-

tral bank of Germany has indicated that it is unlikely to follow suit, coun-

tries such as Italy, Ireland, Spain and

Britain may have room to cut rates.

The U.S. trade deficit widened to

cession in emerging markets, the falling slightly, have remained vol-

\$13.9 billion in July from \$13.6

billion in June as exports fell by 1.3

percent, a direct effect of the re-

Commerce Department reported.

have far to look Thursday.

Meanwhile, Mr. Greenspan and this year, the German Federal Sta-

**Most Actives** 

Nasdag

REGULAR

European central bankers have in- tistics Office said.

U. S. STOCK MARKET DIARY

threaten more market turbulence.

a recession, and that could burt make up the bulk of a bank's assets. banks' earnings in the months

ahead, they said. The findings come as Congress prepares to vote on legislation that RMA, an organization that monitors would revamp 65-year-old U.S. credit risk. banking and securities laws. If banks, securities firms and insurers the report said. have been allowed to enter into one

another's businesses.

billion French francs (\$263.6 mil-

lion) short of analysts' expectations

because of reduced equipment pur-

chases by telephone companies in

bank's loans to developing coun-tries and to financial institutions, after a move by Westbridge Capital

Corp., a U.S. insurer, to file for

Europe and Southeast Asia.

But the analysts said they ex- year from economic turmoil in other pected the lowering of credit stan-countries. Banking analysts say these dards to continue as banks com- losses could be recouped relatively peted for fewer and fewer good easily if markets rebounded but that customers. Lower credit standards an increase in problem loans would will probably lead to an increase in take much longer to fix. Loans, parproblem loans, especially if there is ticularly commercial loans, often

Lower lending standards are typical at the end of business cycles, said Pam Martin, spokeswoman for "Examiners at 69 percent of the

passed, the measures would greatly surveyed banks - compared with speed deregulation of the industry, a 59 percent in 1997 — report eased process that has proceeded slowly underwriting standards for one or but steadily over the past 15 years as more types of commercial loans."

The comptroller's office also found that "banks are continuing to The survey also follows several tighten their lending standards for weeks of reports from many of the largest U.S. banks that they will suffer higher-than-expected losses this dards prevailed, are an exception.

"Any bad news leads to heavy

seiling, said Hans Kaufmann, chief economist at Bank Julius Baer

in Zurich. "Investors are not think-

something that should help growth.
The yield on 30-year U.S. Treas-

ing at all or analyzing at all.'

### **Dollar Slips** As Stock Fall **Bolsters Yen**

NEW YORK - The dollar fell against the yen Thursday as stock. markets around the world tumbled. Dealers said investors were increasingly worried that the stock market turmoil in Latin America in particular could cause significant

damage to the U.S. economy. Waning speculation that the Group of Seven leading industrial nations would soon act to shore up

#### FOREIGN EXCHANGE

Latin American currencies sent the region's stock markets tumbling.
The United States does 18 percent of its trade with Latin America, so the region's economic health has a big influence on U.S. growth prospects. "If the Latin American economy goes, the U.S. will feel the pinch first,"

said Michael Scarlatos, a currency strategist at Bankers Trust New York. "It doesn't look as if the G-7 is as close to a solution on the turmoil affecting markets as people thought," he added.

The dollar fell to 132.13 yen in 4 P.M. trading from 135.20 yen at the

end of trading Wednesday. The one silver lining was a con-The Japanese stock market sank to In Switzerland, the shares of tinned rush of money into the perits lowest level in 12 years Wed-Credit Suisse Group tumbled nearly ceived safety of U.S. Treasury bonds, nesday, and dealers said speculation. percent because of fears about the German Bunds and government pahad increased that Japanese instiper of other developed countries.
That drives interest rates lower, tutions might have to repatriate funds

invested abroad to cover losses. Meanwhile, some U.S. hedge funds are said to be trying to reduce their losses in emerging markets by

selling dollars for yen.
"You would think the hedge funds were on the sidelines, but they continue to actively sell the dollar." said Jeff Yu, senior trader at Sanwa Bank in New York.

Deutsche mark as traders sold marks for yen, Such trades often go recession, Mr. Kim said, the problem through the dollar, with traders the government faces is that people selling marks to buy dollars, then selling those dollars to buy yen. The dollar rose to 1.6965 DM

But the dollar rose against the

1.6939 DM the day before and to 5.6888 French francs from 5.6805 francs but fell to 1.3915 Swiss francs from 1,3932 francs. The pound rose to \$1.6813 from \$1.6785.

Traders said the dollar received a little support Wednesday from a report that the U.S. trade deficit rose to \$13.9 billion in July, less than many Exports from Germany to Japan
Given what economists suspect is porting property prices. Despite the analysts had expected. The June deffell 11.7 percent in the first half of close to zero inflation—as opposed fall in real estate. Hong Kong's icit was revised to \$13.6 billion from

(Bridge News, Bloomherg)

#### SLUMP: Hong Kong's Gloom Deepens

bankruptcy protection. Credit uries fell to 5.18 percent from 5.22 Suisse said its lending to West- percent Wednesday.

Alcatel, the world's fourth-largest bridge was minimal, but the damage

telecommunications company, said was already done. profit for 1998 would fall at least 1.5 "Any bad news

Continued from Page 15

Asia aside, some of Hong Kong's pain has come because of its fixed currency system, which it defends by keeping interest rates high to attract Hong Kong dollar deposits.

Despite massive and unprecedent-In the meantime, investors ed government buying in the stock continuing to feel poorer, with real-searching for reasons to sell did not market and measures taken this estate prices having fallen by about month to try to bring interest rates down or make them less volatile, the stock market here is not far from the level it was at when the government began to intervene, and rates, after

of about 5 percent - real interest world's most expensive.

rates in Hong Kong are probably higher than they have been in more than a decade.

With Hong Kong already in deep bolding apartments and other property as their main store of wealth are

50 percent in the past year,
"I don't think the full impact of the negative wealth effect has worked through the system yet," he said. Many economists have con-

demned the government's attempt to lower interest rates while supto the government's official figure apartments and offices are still the \$14.2 billion.

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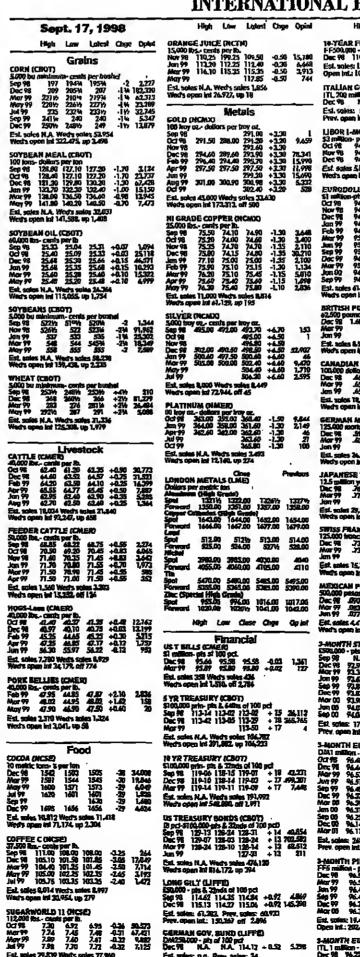
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DRLDSTOCK MARKETS harsday, Sept. 17 

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#### **EUROPE**

### **Provisions** Slash Profit At Lyonnais

Compiled by Our Staff From Despatches

PARIS - Credit Lyonnais SA, a French state-controlled bank slated for sale to investors. said Thursday that first-half profit fell almost two-thirds as it increased provisions for trading losses and bad debts in Asia and Russia.

The fnurth-largest bank in France said first-half profit fell to 226 million francs (\$40 million) from 601 million francs a year earlier, as the bank increased its provisions for risky loans 77 percent, to 5.4 billion francs. Provisings for Russia and Asia accounted for more than 75 percent of the total.

The bank said its risk provision for Asia was 2.6 billion francs and for Russia was 1.6 billinn francs.

"The important provisions taken for Russia and Asia have impacted negatively on the pretax profit," the bank said. It gave no forecast for the year.

Credit Lyonnais said it had reduced its exposure to the five most troubled Asian economies South Korea, Indonesia, Malaysia, the Philippines and Thailand - by 19 percent to 29 billion francs.

Banking income was little changed at 23.63 billion francs from 23.36 billion francs last year. Total assets rose to 1.505 trillion francs from 1.499 trillion francs.

The government, which owns 82 percent of the bank, is planning to yield control under an agreement with European Union competition authorities. (AFP, Bloomberg)

MOSCOW — The American Chamber of Commerce, until recently a big Russia-booster, said Thursday it had lost faith in the country's future - a sign that the economy is in deep trouble.

We believed in the progress of economic reforms," said Scott Blacklin, president of the chamber. 'It turns out we were wrong."

Known for its lavish events for expatriates as well as its promotion of U.S. investments in Russia, the chamber now warns that the country ruble.

BONN - Dentsche Telekom AG

and France Telecom SA, Europe's

two biggest phone companies, said

Thursday they planned to integrate

their phone networks with those of

their European partners to fend off

competition from international

The two companies and their part-ners will invest about 1 billion

Deutsche marks (\$589 million) over

the next five years to create a net-

work that allows for "seamless"

transfer of voice and data commn-

nications across 16 countries, Hans

in Russia's commitment to econom- stable. President Boris Yeltsin fired according to a survey of chamber ic reforms, Mr. Blacklin said.

over what to charge as the gov-

that government Aug. 24, and a new Many foreign companies have one, led by Prime Minister Yevgeni suspended imports amid confusion Primakov, is now being formed Sales forecasts have been

"We believed in the progress of economic reforms," the U.S. chamber's chief said. "It turns out we were wrong."

ernment plans to print more money lowered as consumer purchasing to pay wages, threatening to push up power falls because salaries and inflation and further depress the pensions, which are not indexed to

ject to regulatory approval.

loose partnership and take on rivals such as British Telecommunica-

tions PLC and Telecom Italia SpA.

jockeying to dominate the rapidly growing \$160 billion phone market,

which was fully opened to compe-

tition this year.

Europe's former monopolies are

pensions, which are not indexed to the ruble's value, are declining.

will lose billions of dollars in foreign investment. Businesses are percent since the previous governslashing local staff after losing faith

The ruble has fallen almost 60

Large multinational companies percent since the previous governhave seen a 63 percent decline in ment gave up efforts to keep it demand for products and services.

#### German and French Telecoms Get Closer Vickers to Close Factory in U.K. man, said. The companies expect tn Teleknm's biggest alliance thus far complete the program by 2000, sub-is their unprofitable Global One

venture with Sprint Corp. of the The plan for a Europewide net-United States. work comes as France Telecom and ■ Profit Squeeze in Paris Deutsche Telekom prepare to buy France Telecom's first-half profit stakes of 2 percent in each other as part of an effort to strengthen their

fell 15 percent from a year earlier, to 7.6 billion francs (\$1.34 billion), as competition forced it to reduce its rates, Reuters reported.

Revenue rose to 77.9 billion francs from 75,3 billion francs. The company said the impact of the lower rates had been partly offset by rapid growth in its mobile-

#### Ehnert, a Deutsche Telekom spokes-France Telecom and Deutsche phone and Internet businesses. Bayer to Add Chiron Unit and Sell Agfa Stake

LEVERKUSEN, Germany Bayer AG, the German drug and chemical giant, said Thursday that it planned to buy Chiron Corp.'s diagnostics unit for \$1.1 billion and to sell sbares in its Agfa-Gevaert AG

second quarter of next year. Agfa recently grew by acquisitions. may have a market value of \$4 billion, analysts have said.

The Chiron unit makes test kits for Bayer said it planned to spin off as much as 75 percent of Agfa in the Holding AG and Abbott Laboratories, (Bloomberg, Reuters)

In another transaction, Bayer agreed to take a 50 percent stake in the seeds-treatment business of hepatitis C and for the virus that Gustafson Inc., a U.S. company, for causes AIDS. Bayer and Chiron have an undisclosed price. The compafaced increased competition in the nies said they would form a joint \$19 billion market for medical test kits venture to make fungicides and oth-

#### plifying tax policy, fighting corruption, supporting the banking system and ensuring settlement of currency-bedging instruments.

ernment is, 'Do you want us

here?" "Mr. Blacklin said.

"We feel like we've been hit by a

nentron bomb and we've all been

irradiated," Mr. Blacklin said,

days some of us are going to die."

government take measures to re-

increasing tax collection and sim-

We're alive today, but in 30 to 60

The chamber proposed that the

sure foreign investors, including

"The main question to the gov-

LONDON - Vickers PLC said Thursday it would close its tank factory in Leeds, England, next year and cut more than 1,000 jobs across the com-

Vickers, facing a slowdown in orders since the end of the Cold War, plans to concentrate tank production at its other Brit-

ish site, in Newcastle, England. The move will eliminate 650 jobs in Leeds and Newcastle and is part of a plan to reduce the company's total number of emplayees by 22 percent, a cut-

back of 1,136 jobs. The job cuts, the latest in a series to have hit manufacturing in northern England, came a day after Prime Minister Tony Blair visited the area and met with workers facing layoffs.

Vickers said the approach of peak production on its order for Challenger 2 tanks for the Britisb Army and a slowdown in orders had forced the decision.

#### Big U.S. Booster of Russia Sounds an Alarm Frankfurt London FTSE 100 Index CAC 40 DAX 5800 3B00 5200/7\# 3600 4900 ~ 5000 · Thursday Prev. Exchange Change Close Close 1,027.34 -3.87 987.55 3,133,59 3,222,37 -2.75 Brussels 4.669.51 4.857.97 -3.88 renkfust DAX 616.39 638.39 -3.14 Copenhageri Stock Market 4.137.96 4.379.40 -5.51 Helsinki **HEX General** 477.30 513.14 -6.98 Oslo OBX 5,291.70 London 5,132,90 -3.00 FTSE 100 Madrid 689.73 719.72 -4.17 Stock Exchange 19238 20296 -5.21 MISTEL 3,525.26 3,729.32 -5.47 Paris CAC 40

Investor's Europe

#### Very briefly:

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 EMI Group PLC decided not to bid for PolyGram Filmed Entertainment, a unit of Seagram Co. Analysts applauded its decision to stick to its core music business.

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 Canal Plus SA, Europe's biggest pay-television enmpany, will sell 37 percent of its cable-TV unit to Exante, an investor group that plans to use it to provide telecommunications services.

• The European Commission said a record 60 percent of European Uninn citizens said in a poll that they supported the planned single currency. That was 10 percentage points more than in a poll taken last autumn.

 The European Union's antitrust chief, Karel Van Miert. said he saw no significant regulatory obstacles to the planned merger between British Petroleum PLC and Amocn Corp. of the United States. Lufthansa AG's supervisory board approved a 3,9 billion

Deutsche mark (\$2.3 billion) order for 42 airplanes, six of them from Bueing Co., 16 from Airbus Industrie and 20 from Bombardier Inc.

#### **WORLD STOCK MARKETS**

Thursday, Sept. 17 Only prices in local currencies,

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 Aerospatiale's first-balf profit more than doubled to 1.22 billion French francs (\$214.7 million) from 608 million francs in the first six months of 1997. Reuters, Bloomberg, AFP AP High Low Close Pres. High Low Close Prev. Sydney Toyota Laona Toyota Laona Toyota Mator West Japan Ry Yamanouchi Yonado Transp. Yasuda Fire u: x 100: b: x 1,000 Toronto

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### Airline Stocks Seem a Good Value at This Low Altitude

Washington Post Service don't get the timing exactly right. Six months ago, I wrote enthusi seem to provide the best of both worlds - growth stocks at value prices."

Since March 15, Continental Airlines Inc. has

One lesson to draw from this debacle is that the prices get better, then buy some more, ou can sometimes mitigate the effects of a Certainly, the course that airline stock prices you can sometimes mitigate the effects of a volatile market by buying stocks slowly. For have taken in the past six months was utterly example, if you had decided to invest \$6,000 in unpredictable. Let's use Continental as an ex-US Airways, it would have made sense to huy ample. It is one of three airline stocks recom-

ASHINGTON - Sometimes you JAMES K. GLASSMAN ON INVESTING

average of \$71 a share, instead of \$76.

ocks at value prices."

But buying slowly is helpful only if the price of analysts. Mr. Engel still recommends it.
Well, readers who procrastinated are in luck. If a stock is going down. In general, history shows
The stock was \$62 a share in mid-Ma airlines were bargains then, they are super-bar- that the longer you are in stocks, the more money you'll make, so you should invest quickly.

A better lesson to draw is that market timing fallen 20 percent, Northwest Airlines Corp. is that is, guessing the short-term movements of down 51 percent, US Airways Group Inc. is off 25 percent, and UAL Corp., parent of United Airlines Inc., has dropped 21 percent.

One lesses to down fall percent.

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NOTICE OF ADJOURNED EXTRAORDINARY GENERAL MEETING

To for the date of the second Shareholders' Meeting to hear the Report of the Liquidator and to

To fix the date of the third Shareholders' Meeting to hear the Report of the Auditor and to decide the close

No quarant of shares present or represented at the Meeting is required in order or deliberate validly on the agenda. A decision in favour of Resolution no. 1 of the agenda must be approved by Shareholders holding at least 2/3 of the shares represented at

Lybrand, Laxembourg as the Anditors of the Company.

**2YORDER OF THE BOARD OF DIRECTORS** 

at to the limitations imposed by the Articles of Incorporation of the Caste in the aggregate more than three percent (3%) of the outstand

nary General Meeting of September 1, 1998 did not reach the quorum of 50% required by law, notice is hereby reactinary General Meeting of Sharcholders of Fidelity Far East Fund Sicav ("the Company") will be held at ice of the Company in Luxembourg on October 5, 1998 at 11.00 a.m. os consider the following agenda:

*Investments* 

astically about the prospects for air- \$1,000 of shares every month for six months. If mended in the March column by Glenn Engel of line stocks: "Airlines look like bargains. They you had done that, you would have paid an Goldman, Sachs & Co., who is considered by many on Wall Street to be the best of the airline

> The stock was \$62 a share in mid-March and traded for four months within a narrow band before peaking at \$65.63 on July 9. Then, along with the rest of the market, Continental plummeted. It hit a low of \$36.69 last week, but has bounced back and was at \$42.0625 in afternoon trading Thursday.

> Why the sharp decline? Continental, like other airline stocks, was simply caught in the market downdraft that began in mid-July, when investors suddenly realized that perhaps they were over-paying for earnings that might not show up, and that the emerging-markets situation was a whole lot worse than they had previously believed.

Investors were especially spooked by the pros-pect of an economic slowdown in the United States, which would, they assumed, hurt airlines with their fixed costs and high debt — more than many other companies. But Wall Street, as usual, may have overreacted. There is really no bad news coming from the airlines — other than Northwest, which was hurt by a strike. Planes are jammed, cost-cutting has made flying as unpleasant as ever, and airlines, unlike many other U.S. companies,

can raise fares without losing business.

A slowdown in the U.S. economy is possible. In the past, airlines have been particularly vulnerable to such cycles, which put some of them (Eastern, Pan Am, etc.) into bankruptcy. But the Merrill Lynch & Co. analysts Candace Browning and Michael Linenberg say all of that has changed. Routes are more secure, with less competition; airlines are not going on buying binges for planes, and balance sheets are more solid.

Modeling their "worst-case scenario," the Merrill Lynch analysts recently wrote clients, 'the industry would break even. Frankly, we ourselves were surprised at that outcome." If they are right and the industry does break even in a recession, they wrote, "multiples for stocks should expand significantly."

ratios that are less than half the level of the gains since July. Standard & Poor's 500-stock index.

For example, Continental's ratio, based on consensus earnings estimates for 1998, is a mere 7. US Airways has a P/E ratio of 10; Delta Air

stock prices will rise 50 percent to 100 percent. Why such low P/Es? For years, investors have considered airline stocks to be dogs. "Wall Street," writes Sandra Ward in this week's edition of Barron's, "still views the airline stocks as perennial losers." The thrust of Ms. Ward's piece, like my own of March, is that Wall Street has underestimated the management changes that have

altered the long term picture for arrine profits.

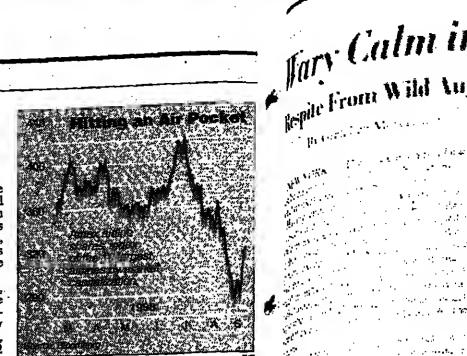
Merrill Lynch's favorite airline stock is Delta,
which has a new management team. Delta, like AMR, has dropped only 10 percent since mid-March, when both stocks were recommended by Mr. Engel. But Delta, in contrast to Continental has been on a roller coaster. It jumped from \$122 in March to \$142 in July and was trading at \$103.0625 in afternoon trading Thursday The analysts at Merrill Lynch say that AMR is

their "second-favorite large-cap name." Value Line Inc., an investment-rating firm, gives its top rating ("1") to a regional carrier, Alaska Air Group Inc., which trades at a P/E ratio of S. The research firm gives ratings of "2" to AMR, Continental and Southwest Airlines Co., the short-haul carrier whose price has held up the best of any in the group, rising 26 percent since the beginning of the year and currently trading less than 10 percent from its high.

All the airline stocks have recovered a bit from

their big decline in July and August, but they remain beguiling, especially in a dangerous market. Research by quantitative analysts at Salomon Smith Barney recently turned up AMR and UAL as two of just 11 stocks with low price-to-bookvalue and price-to-cash-flow ratios and a high rating from the firm.

These stocks, they say, could be good "places to hide" from a wild market. They could be more than that - good companies at good prices for the very long term. But there are no guarantees, gentle reader, that they won't become even better



#### Prudential Analysts Say Casinos Are Good Bets

Washington Post Service Is it time to make a wager on casino

stocks? The analysts at Prudential Securities Inc. think so. Casino shares have been clobbered lately,

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the analysts say, "creating some compelling the analysts say, "creating some competing values." Over the past year, Steve Wynn's Mirage Resorts Inc., which will open the super-plush Bellagio casino in Las Vegas next month, has fallen 37 percent. Harrah's Entertainment Inc., highly diversified with 16 casinos, is off 60 percent in two years.

The Asian crisis has hurt casino tourism and the analysts admit that overcapacity and the "possibility of a recession" are "key concerns." Still, at these low prices, they rank as "strong buys" Mirage, Harrah's, Bahamas-based Sun International Hotels Ltd. and Anchor Gaming.
— JAMES K. GLASSMAN

### Stock Funds Regaining Investors' Favor

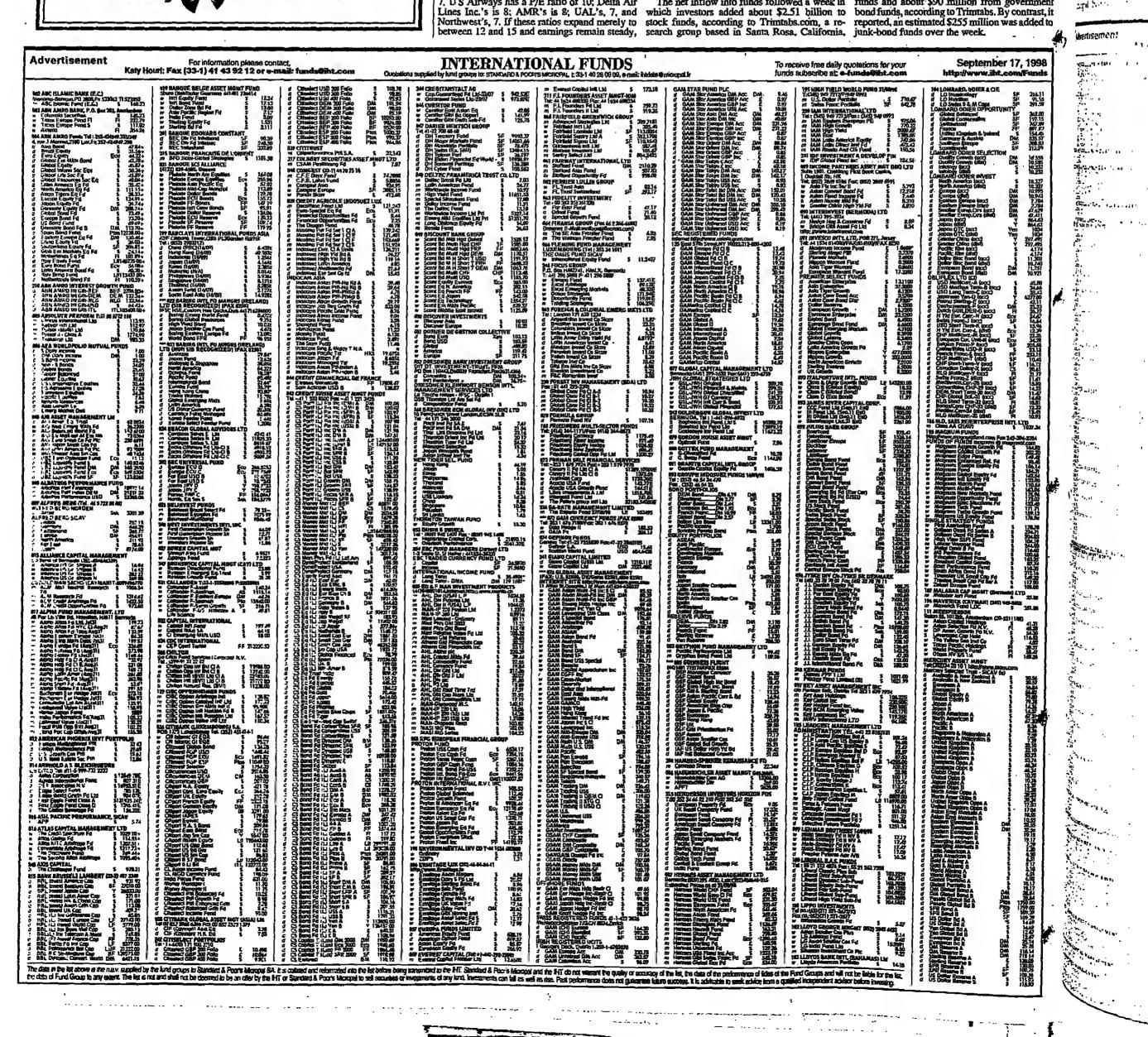
NEW YORK - Individual investors put about In other words, the price-to-earnings ratios for airline stocks will move closer to the average for the market as a whole. Many airlines now trade at report, as the market recorded its most consistent and outflow of \$1.24 billion in the previous

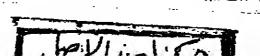
mained sharply below its high for the year. The net inflow into funds followed a week in

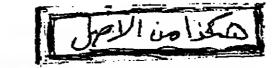
that tracks fund flows.

Investors also added money to non-U.S. stock

During the same period, the Standard & Poor's
500 stock index rose 5.7 percent, though it reflows for the first time in weeks, with investors pulling about \$995 million from municipal bond funds and about \$90 million from government







#### INTERNATIONAL INVESTING

## Mitting an Air Pock . Wary Calm in Bond Markets

### Respite From Wild August Doesn't Mean All Is Well

By Gretchen Morgenson New York Times Service

NEW YORK - The stock market's bear may just be emerging from a short hibernatioo, but the bond-market species has never rested.

Having endured a hellish August in stocks, investors are seeing a respite in September. But while many stocks have recently recouped some of their losses, bond prices — with the con-spicuous exception of U.S. Treasury securities have barely budged. August, one of the most hrutal months on record in almost every bond market around the world, has been followed by a September in which most of these securities, even if they are up, have mustered only the merest

What happened? Through no fault of their own, investors in a wide variety of boods, from convertibles to mortgage-backed securities, found themselves trapped in a game of economic dominos gone awry. The bond-market action in August is a painful lesson in how the toppling of one market can, in turn, hurt even the most seemingly unrelated market worlds away.

The Russian central bank's de facto debt default wound up hurting even the most highly rated bonds issued by U.S. corporations with absolutely no exposure to Russia. The only people who escaped the August disaster were owners of U.S. Treasury securities, which were driven to historic highs in price terms as a result of some of the lowest yields in decades.

The situation in Russia caused an about-face in the level of risk that professional investors were willing to tolerate. As long as the International Monetary Fund was willing to hail out countries experiencing economic disarray, investors were comfortable investing in fledgling markets. Russia changed all that.

'The flight to quality, previously, was out of equities and into bonds, and any bonds qualified," said Martin Fridson, chief high-yield strategist at Merrill Lynch. 'Now, that flight is much more prononneed because investors want to go all the way to the ultimate quality of U.S. Treasury securities. Nothing in between seems

safe enough. What did this new risk aversion mean for various bond markets? Big losses. In August, investors in emerging-market debt lost 28.7 percent of their mooey, coovertible bonds lost 11.8 percent, and high-yield bonds lost 7.4 percent of their value. Real estate investment trusts that invest in mortgage securities declined an average 27 percent during the mooth. Only two noo-Treasury sectors showed gains for the period; municipal bonds rose 1.92 percent, and the highest-rated corporate bonds inched up 0.51 percent. Treasury bonds, meanwhile, advanced

Bonds, remember, are supposed to be boring, predictable investments. No more. "We've probably crammed about a year of volatility into the last six weeks in the bond market," said Randall King, senior vice president of asset liability management at PNC Bank in Pittsburgh.

The result of all this volatility has been to bring the issuance of many types of bonds and convertible debt to a near-standstill. For example, only one convertible debt issue came to market in

Why does upheaval in one distant market director of global convertible bond research at Merrill Lynch, explained: "If investors take a hit in one part of their book, their risk tolerance is going to decline across the board.

'And if everybody does that at roughly the same time, you could see where you'd get some real liquidity pressure." Hurt the most hy the bear market in boods are hedge funds that made big bets in emerging-market debt and brokerage firms that trade all

"We've probably crammed about a year of volatility into the last six weeks."

manner of bonds for their own accounts. Also taking a hit were commercial banks that trade in the same markets. Adding to the upset, many of these coocerns used leverage to make their bets, which magnified their losses.

Another piece of had luck: These big investors typically hedged against losses in emerging-market debt by selling Treasury securities that they did not own. With prices of Treasury issues roaring as emerging-market deht plunged, the 'hedges' were a disaster as investors found themselves on the wrong side of both of their

As a result, word on Wall Street is that most fixed-income departments at trading firms have they check their mutual-fund holdings. lost back all they made during the first seven months of the year. These departments usually are big money-makers for brokerage houses. Last year, for example, Merrill Lynch's taxable fixedincome department geoerated nearly \$1 billion in revenue, 26 percent of the company's overall revenue for principal transactions.

This year, however, bonuses for employees in these areas are a dream; many companies have already conducted what are euphemistically called head-count meetings. Firings will follow.

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For individuals, the unhappy sequence of events in the bond market is all that much harder to take because the losses came when interest rates were declining significantly. Yields oo the make for losses closer to home? T. Anne Cox, five-year Treasury oote, for example, fell a full percentage point in late summer. The notes traded at 5.43 percent on July 1 and at 4.43 percent last Friday. On Thursday, they were higher at 4.61 percent.

With rates moving down, investors are understandably confounded by losses in their bond portfolios. Common sense dictates that when interest rates fall, bond prices rise.

But common sense could not have helped predict the confluence of events — the work of professional investors, hedge-fund managers and brokerage trading desks that ran away from anything with a whiff of risk to it — that have paralyzed worldwide bond markets. As the herd stampeded out of junk bonds, convertible debt, emerging-market bonds, even relatively unrisky corporate issues,

buyers for these securities disappeared. Estimating the amounts lost by investors in bonds in Angust is difficult because of the mar-ket's opaqueness. But some numbers are available: \$48 hillion was lost in emerging-market debt that was denominated in dollars, \$14.6 billion disappeared from portfolios of convertible bonds. \$15 billion was probably lost in junk bonds, and \$1.67 hillioo disappeared from an index of real estate investment trusts that invest in mortgage

securities. That's about \$80 hillion lost.

Investors who are not yet aware of the recent turmoil in bonds may get an unpleasant jolt wheo There are plenty of bondholders out there: As of

Sept. 9, according to AMG Data Services, assets held in bond funds totaled \$533 billion, roughly one-fifth the amount currently in stock funds.

A paralysis unlike anything investors have seen for years is gripping non-Treasury bond markets in the United States. Investors who think that September's relative calm in the market is a sign of stability should oot be confused. It is a frozen market, where nobody is selling because

Dealers at major Wall Street brokerage firms are in bonds so far probably reflect only part of the Since few investors are interested in adding to their sell, the market simply feels ominously quiet. bond positions until they see the market stabilize,

most sell orders don't get executed. As a result, the losses that have been registered holdings.

no longer bidding for bonds from their customers; real damage done to these markets. If there was they will only take an order if they know they have actual selling going on, the prices would be far another customer interested in owning the bonds. lower, But as long as investors are not forced to

With the year winding down, though, more and more investors may be forced to sell their

#### FIDELITY SPECIAL GROWTH FUND Société d'Investissement à Capital Variable Kansallis House - Place de l'Etsile B.P. 2174, L-1021 Luxembourg R.C. Luxembourg B 20095 NOTICE OF ADJOURNED EXTRAORDINARY GENERAL MEETING

As the Extraordinary General Meeting of September 1, 1998 did not reach the quotum of 50% requir gives that an Extraordinary General Meeting of Shareholders of Fidelity Special Growth Fund Sacav ("the Company") will be held at the registered office of the Company in Luxembourg on October 5, 1998 at 11.00 a.m. to consider the following agenda:

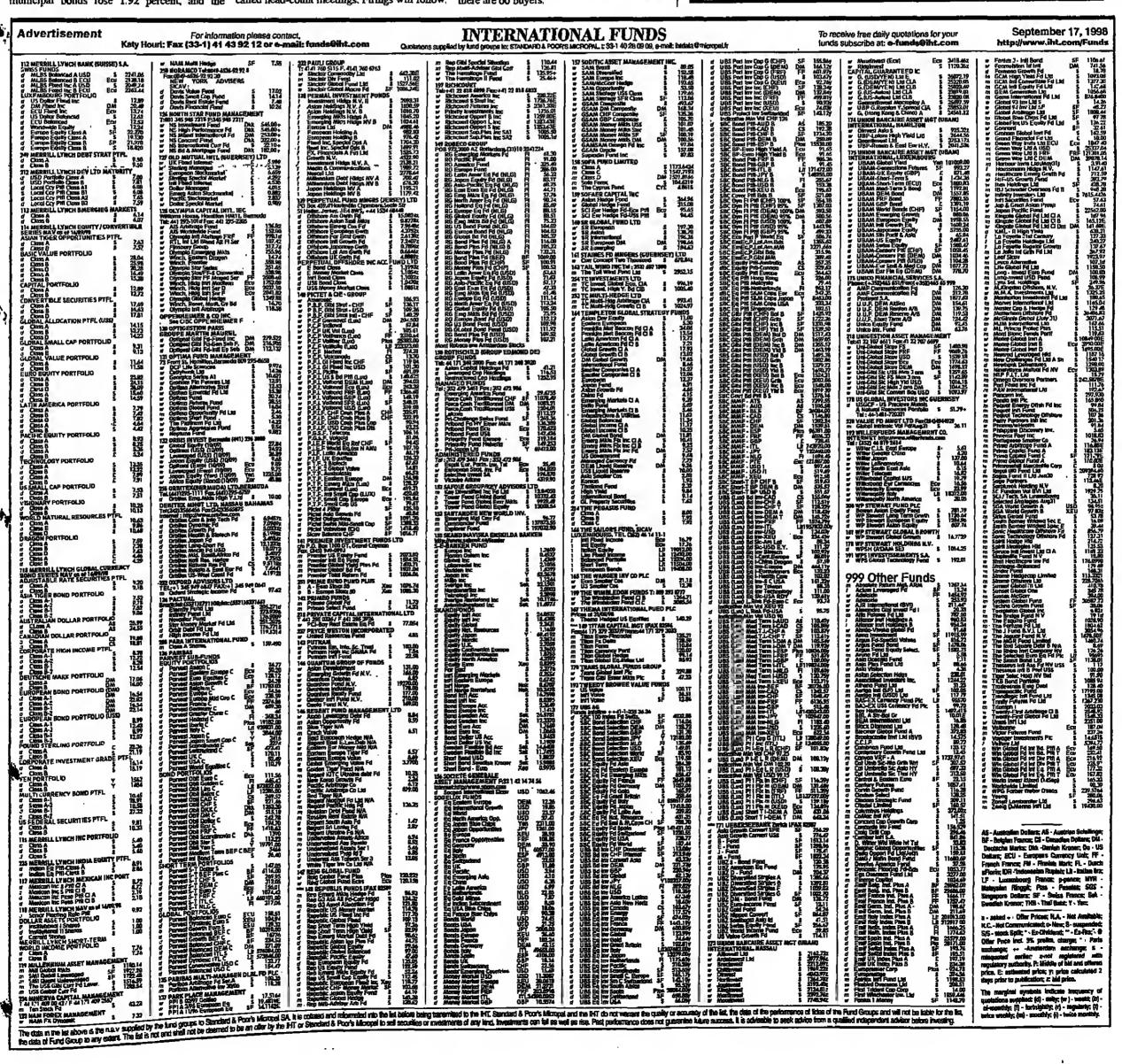
- To fix the date of the second Shareholders' Meeting to hear the Report of the Liquid

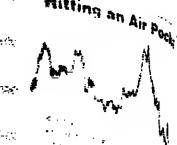
on no. 1 of the agenda must be approved by Shareholders holding at least 2/3 of the shares represented at

Subject to the limitations imposed by the Articles of Incorporation of the Company with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the ourstanding shares, each share is entitled to one vote. A Shareholder may act at any Meeting by proxy.

BY ORDER OF THE BOARD OF DIRECTORS







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### Asia Chill Freezes Deliveries of Jets to China Seoul Takes

BEUING - China has frozen new aircraft orders and its airlines it will allow Chinese manufacturers are delaying some deliveries as a slowing economy and overcapacity airplanes.

"There's much more of a politcrimp demand in what may become the world's largest aviation market.

The ban on orders for the rest of this year and delivery delays could burt sales in China by Boeing Co. and Airbus Industrie. Both view China as potentially the biggest market for new aircraft outside North America during the next two decades.

Most of China's major airlines reported losses in the first half of the ear. Carriers are slashing fares to fill seats even as new aircraft bloat recent years, China has ned all big

capacity.
"We are not approving new orders because we have already got many planes," said Liu Wanming, planning division chief of the Civil Aviation Administration, which coordinates the aviation industry.

passenger traffic up about 5 percent 1997, most Chinese airlines At least one analyst said it apare flying with many empty seats. peared likely that the ban was related to irritation with Airbus's re- Asian financial woes have also hit For oow, the delays appear to cent decision to drop plans to travel to China, leading to losses mainly affect Airbus.

develop a 100-seat jet with Chinese among the three main carriers. Air companies. Instead, Airbus has said China, China Eastern Airlines and China Southern Airlines. to build additional components for

Boeing recently trimmed its forecasts for orders by China to 1,800 jets over the next 20 years, from 1,900. Most of the reduction will ical motive than an economic come in the next few years, said Ray motive," said Doug McVitie, man-Bracy, president of Boeing's Chiaging director of Arran Aerospace, a nese operations. consulting firm based in Scotland.

"It's our sense that the next one to "A couple of major deals with three years are going to be very lean for new orders," he said. "We're Prime Minister Lionel Jospin of aware it's oot a good time to be France is scheduled to arrive in China on Sept. 24 for a three-day visit. It selling planes.' would be unusual for him to return

and an Airbus representative said the company had not received any cancellations or delivery deferrals. Mr. Liu said the ban would be In May 1997, during a visit to mly for 1998. "For oext year, we rill see," he said.

Even with heavy discounting and and 20 A320 jets.

Still, several Chinese carriers are seeking to delay delivery of some of the aircraft, according to Mr. Liu.

Mr. Bracy said Boeing is sched-China this year and has yet to be. Interest Rates asked for deferrals or delays.

China Eastern, one of the biggest Airbus customers in China, may be the first to announce deferrals.

We were going to receive 10 A320s next year." said Zhao Yan, an executive in the corporate secretary's office, "But now we've decided to have eight because the market is not so good."

China Northern Airlines, a regional carrier, may also delay plans Mr. Lin said Chinese airlines to accept A321s by up to a year, said would not cancel existing orders, an official in the airline's marketing department, who gave his name only

China Southern, the Chinese carrier with the largest fleet, also put a hold a new orders. "In the near term, we don't have

any purchasing plans," said an ex-ecutive in the airline's planning department who gave his name only as Yu. "The market is not good and even next year, we don't expect it to

# Steps to Cut

SEOUL - The central bank lifted strict controls Thursday on money supply and market interest rates to try to revive the country's stalled economy.

"The central bank changed its policy and decided to lower market interest rates by purchasing repurchase bonds and money-stabiliza-tion bonds," Chun Sang Wook, a Bank of Korea official, said.

Mr. Chun gave no figures but said that the bank's policy change had been aimed at "preventing the economy from plunging further.

From now, the bank will maintain a flexible policy in money suphe said.

ply," he said.
"The decision was based on the theory that our money market is stable enough to cushion policy changes. But we will immediately go back to old policies and raise the interest rates if the market is deemed unstable."

Central bank policymakers agreed that South Korea needed stimulus measures to bolster plummeting domestic consumption and

exports he said. South Korea is campaigning to win approval from the International Monetary Fund for a range of pumppriming measures to lift the country out of its worst recession in three

decades. The central bank also predicted

inflation would be about 9 percent this year. Public concerns about rising prices are growing.

Inflation, which rose to 6.6 per-

cent in 1997, is officially projected to hit 8 percent in 1998 and 5 percent in 1999, but analysts said it would be closer to 10 percent this year.

Consumer price rises have been heavily affected by the fall in the local currency, the woo, which has lost more than 30 percent of its value against the dollar since the crisis hit last year. Government revenoe also has

been hit hard by the crisis. Income and corporate tax revenues have plummeted as companies have been hit by dwindling sales and exports as well as by rising financing costs.

On Thursday, the government lifted the price of gasoline by 11.5 percent and the price of diesel by 13 percent to try to increase tax rev-

The fuel rises came into effect after midnight and followed the government's decision to increase a

57%, 32%, Doke 40 1,1 14 3577 36M 35% 25%, -1% 47% 22 Dokesto 8, 5 5 26 7722 37%, 12% 32%, -1% 47% 22 Dokesto 8, 40 - 21 36M 35% 36 -7% 34% 59%, Dokesto 8, 40 - 21 36M 35% 36 -7% 34% 59%, Dokesto 8, -2 11 566 10% 13% 10% -1% 47% 25% Dokesto 8, -2 11 566 10% 13% 10% -1% 43 34% Domptet 2, 5 4 1 39 25% 43 42% 42% -4% 73% 12% 12% 12% 14% 14% 14% 14% 14% 14%

### Very briefly:

 Philippine Long Distance Telephone Co. shares soared 205 pesos, or 25 percent, to close at 1.015 (\$23.23), on expectations of a hostile takeover bid. That spurred an 8 percent gain io the main Manila stock index, which rose 92.7 points to 1,269.24.

 Malaysia's central bank said it was sending officials into city streets to assess black-market currency trading as part of its effort to enforce curbs on currency dealings.

· Asia Online Ltd., an Internet service provider in Hong Kong, hired an American entrepreneur, Kevin Randolph, as chief executive and named H.L. Chan its new vice president

· United Microelectronics Corp., the second-largest microchip maker in Taiwan, halted an investment plan projected at 500 billion Taiwan dollars (\$t4.47 billion), citing an oversupply in the industry.

• Hongkong Bank, part of HSBC Holdings PLC, plans to become a "universal bank" in the Philippines, a status that will allow it to engage in activities such as investing in property and stocks, which are not normally open to commercial banks in that country.

 Broken Hill Pty., an Australian industrial and mining conglomerate, expects to be able to consider acquisitions in 18 months or so, when it has reduced debt through asset sales to a "comfortable" level. Plunging prices of commodities such as copper and oil and cost overruns at key projects have caused the company to report massive losses, including one of 2.42 billion Australian dollars (\$1.44 billioo) in the three months

 Thailand's automotive industry, struck by economic crisis and plunging consumer demand, has stabilized but may take as long as five years to recover from the problems of the last year and a half, a joint team of Thai and U.S. experts said.

 Lehman Brothers Inc. may be appointed to appraise assets pledged by banks in Indonesia to repay loans the government extended to their troubled banks, the country's finance minister. Bambang Subianto, said. Bloomberg, AP. AFP, Reuters

#### Malaysia Banks Agree to Merge

Bloomberg News KUALA LUMPUR — Com-

merce Asset Holdings Bhd., one of the largest banks in Malaysia, said Thursday it was merging with a troubled state-owned bank, Bank Bumiputra Malaysia Bhd. The move comes as Malaysia scrambles to patch up its trou-

bled banking industry, an effort that the central bank estimates will cost as much as 41 billioo ringgit (\$10.8 billion). The central bank has been prodding banks for more than a year to merge, with limited success. Commerce Asset and Bank

Bumiputra did not immediately provide details of their plan. Commerce Asset, which cootrols the sixth-largest bank in Malaysia, is partly controlled by Renong Bhd., formerly owned by the governing political party, the United Malays

National Organization. On Marcb 3, the central bank said Bank Bumiputra might need an injection of 750 million ringgit to offset a rise in bad loans. Since then, problems at banks are estimated to have increased amid high interest rates and ballooning bad debts.

### Philippine Air Says It Will Close

#### Manila Calls Emergency Meeting to Try to Keep Carrier Flying

China have fallen through."

home without an aircraft order. In

new orders of aircraft to visits by top-

level American or European leaders.

only for 1998. "For oext year, we

will see," he said.

MANILA — Philippine Airlines, ravaged by labor conflicts and citing "enormous losses," announced Thursday that it was shutting down after 57 years of operation, ground-ing Asia's first national flag carrier. But President Joseph Estrada of

the Philippines immediately called an emergency meeting with the airline's management and unionists in a bid to try to persuade Asia's oldest national airline to keep flying, warning that its closure would further damage the ailing economy.

The airline said it planned to cease operations at midnight Wed-

"Management has exhausted all efforts to keep the company operational," PAL said. "Unfortunately, the insurmountable burden of continued losses has become too heavy for the company to bear." Years of labor turbulence, includ-

ing a breakdown in an agreement with its largest union this week, led to the decision to close the airline, Ronaldo Zamora, Mr. Estrada's

would tower their demands.

But the government - itself under a severe financial crunch and facing a budget deficit of 40 billion
The airline, whose majority stake
pesos (\$913.9 million) by the end of
is owned by Lucio Tan with the the year -- ruled out any bailout of

"We will not open the coffers of the past five years. government, especially at a time of economic hardship," Jerry Barican, a presidential spokesman, said.

The airline started out in 1941 five passengers on a 200-kilometer (125-mile) flight from Manila north to Baguio.

The airline has been hammered by the yearlong Asian currency crisis and was finally brought to its knees in June, after its 600 pilots went on a 22-day strike.

from 13,000 after the pilots'

Last week, seeking to prevent collapse, the airline made its final offer - 20 percent equity to employees, executive secretary, said there was equal to three board seats, in exstill a "small window of oppor- change for a 10-year suspension of tunity" to save PAL if the unions collective bargaining agreements.

The unions spurned the offer, saying it would mean surrendering their

government holding 23 percent, has been bleeding financially for at least PAL's losses quadrupled to 2.2 billion pesos in the April-June quarter

as the pilots' strike sapped revenue and financing charges soared. That with one plane carrying a full load of followed a record loss of 8.08 billion pesos in the year to March 31. The closure of the country's largest airline could hamper travel to and throughout the archipelago's

7,000 islands. United Airlines of the United States stopped serving Manila last year, The PAL shutdown also could At the time the airline had a fleet add to the strains on the country's of 54 aircraft, flying to 36 domestic financial system, which has already destinations and 28 foreign cities.

PAL trimmed its staff to 8,000 the Asian economic crisis. More

than half of the carrier's liabilities are in the form of airplane lease agreements. Besides those agreemeats, PAL's biggest creditors are foreign banks that lent the airline money to purchase or lease new planes as part of a short-lived ex-(Reuters, Bloomberg)

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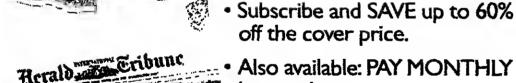
### NYSE

Thursday's 4 P.M. Close

(Continued)

Continued on Page 21

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NYSE

Thursday's 4 P.M. Close (Continued)

on only their second day of wedded bliss, she could not imagine wby he was insisting she made her way to the moonlit Raffles' poolside in full evening regalia. 'Are you sure the restaurant's this way, darling?' she ventured through gritted teeth, all too aware of her husband's famonsly poor sense of direction. Only I'm not really dressed for one of your short ents.' It was then that the tears began to flow in earnest. For there at the poolside, batbed in a soft candlelit glow, was an exquisite table à deux perfectly framed by its feafy gleamed in the starlight, a

STUMBLING IN HER

DELICATE SATIN SLIPPERS

AND ALMOST TRIPPING ON THE hem of her diaphanous gown, the young bride fought back tears of irritation. Much as she abhorred the idea of a row with ber new husband

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### Herald Eribune PORTS

#### Tyson Warming Up

BOXING The former world heavyweight champion Mike Tyson, who is scheduled to appear before the Nevada Athletic Commission on Saturday in an effort to regain his boxing license, has been meeting with a Denver psychotherapist for the past week to prepare for the encounter.

The Rocky Mountain News reported that Tyson has been undergoing a psychological evaluation by Carlos Fontanez, whose report on Tyson's mental state will be used to help the former heavyweight champ lohhy for reinstatement.

Tyson had his license revoked by the five-member Nevada commis-sion last year. The commission acted after Tyson bit the ears of the reigning champion, Evander Holy-field, in their title fight on June 28,

Marc Ratner, executive director of the Nevada regulatory board, said he was aware of Tyson's trip to Denver and speculated that he was "probably looking for the best psy-chologist in the country." (AP)

#### **Bugno Captures Stage**

CYCLING Gianni Bugno of Italy and the Mapei team won the 12th leg of the Tour of Spain on Thursday, needing 4 hours, 26 minutes and 4 seconds to pedal the 187-kilometer (116-mile) run in northem Spain that ended in a steep climb

up the Canfranc mountain pass.

The stage did little to after the overall standings, with Abraham Olano of Spain still leading the 22stage race on the strength of his time-trial win in the 9th leg. (AP)

#### **Mantilla Advances**

TENNIS The defending champion and No. 3 seed, Felix Mantilla, charged to a 7-5, 6-2 victory over a fellow Spaniard, Jordi Burillo, on Thursday to gain the quarterfinals of the Samsuog Open in Bournemouth, England. In another second-round match at the tournament, Alberto Costa of Spain stopped Dennis Van Scheppingeo of the Netherlands, 6-3, 6-2. (AP)

### WORLD ROUNDUP Grandly, Sosa Blasts 63d to Tie McGwire

Bases-Loaded Shot Lifts Cubs Over Padres

By Ed Guzman

SAN DIEGO - Sammy Sosa was

relaxed enough to hit his 63d home run. It was simply a matter of when. After singling and doubling in his first four at-bats Wednesday night, the

Chicago Cubs' right fielder stood at the on-deck circle in the top of the eighth iming holding his personalized black Louisville Slugger bat. He made a sign of the cross, put his fingers to his lips and then touched his

With that bit of divine help, Sosa came to the plate with the bases loaded and two out. With the Qualcomm Stadium crowd of 49,891 oo its feet, Sosa drove 8 1-0 pitch from a San Diego right-hander, Brian Boehringer, high and deep into the second deck in left field, a 434-foot (132-meter) blast that tied Mark McGwire for most home runs in a season and gave the Cubs a 6-2

The Cubs weot on to beat the Padres, 6-3, to remaio a half-game ahead of the New York Mets in the race for the National League wild-card playoff

"I think 62, 63 are pretty good for me," Sosa said. "Now I want to take my team to the playoffs. Right now, I feel

Sosa tied McGwire at 62 on Sunday, when he connected twice in a stunning performance at Wrigley Field. That gave him four homers in three days. McGwire went back ahead with

No. 63 when he pinch-hit for the St. Louis Cardinals in the ninth inning of the first game of a doubleheader Tues-Sosa's third career grand slam — all this seasoo — was his 22d career homer against the Padres, the most against any

opponent. He was 1 for 9 with six strikeouts in the first two games of the four-game series. McGwire and Sosa each have nine

Sosa was so loose before the game that after a horde from the news media finished asking questions, he sheepishly said: "Don't leave. Does anyooe have

games left in the season.

any more quescons? I've got time for

A reporter then asked Sosa if he had any questions for the members of the news media.

After pausing for a minute, he said: What did Mark McGwire do today? Did he hit 64?" Ira Berkow of The New York Times

reported earlier from St. Louis:

If height were distance, McGwire would have had two more home runs Wednesday night in Busch Stadium to add to his total of 63 for the season so

Instead, his sky-high flyout to center field in the sixth inning and his space shot in the seventh inning, which seemed to have aged the Pittshurgh left-fielder. Turner Ward, by about three weeks as he waited for the ball to descend, were simply outs.

True, they excited the 40,928 fans, who rose almost in unisoo as McGwire struck the ball and uttered "Ooohhh!"

But that was all the theater they could muster out of McGwire. He went 0 for 4, with one base on balls, in the Cardinals'

4-0 victory.

He walked in the first inning off the left-hander Chris Peters, who was roundly booed for depriving the fans of possibly another McGwire clout. The slugger struck out in the third oo a called third strike and stood at the plate staring down in the batter's box, clearly unhappy with the plate umpire, Randy

McGwire hit his 63d homer the night before in the first game of a doubleheader. He failed to connect for a homer in the second game.

Before Tuesday, he had gooe six games without a homer. The longest he had sone previously was 10 games. There had been some question about the status of his back, after he left the game Sunday in the fifth inning with spasms. But he said the back was "oot an issue" and he seemed to be swinging hard Wednesday night.

He understands the disappointment of the fans wheo he does not please them with a home run. "But people don't like to give credit to the pitchers," he said.



Sammy Sosa watching his 63d home run, a grand slam, leave the park.

### **Indians Clinch 4th Title**

The Associated Press

The Cleveland Indians clinched a fourth successive American League Central title as Manny Ramirez hit his 41st and 42d homers, tying a major-league record for homers in four at-bats and hitting five in two games in an 8-6 victory over the Minnesota Twins.

With the triumph Wednesday night in Cleveland, the Indians became the third team to win four successive titles since

#### BASEBALL ROUNDUP

divisional play started in 1969. They joined Atlanta, on its current run of seven straight, and the Oakland A's, who woo the American League West from 1971 to 1975.

Blue Jaye 2, Tigore 1 In Detroit, Roger Clemens won his 14th successive decision for Toronto. Clemens (19-6) struck out 11 in 73/3 innings, allowing only four hits and moving ahead of Bob Pulsipher and four relievers combined Gibson (3,F17) into 10th place on the on a five-hitter as Milwaukee posted its career strikeout list. Clemens finished the game with 3,127.

Red Sox 4, Orioles 3 In Baltimore. Tom Gordon matched a major-league single-season record with his 38th coosecutive save and set a Red Sox mark with his 41st save of the season. Boston held its four-game lead in the wild-card race over Toronto.

Devil Rays 7, Yankoes O Tooy Saunders pitched six scoreless innings and host Tampa Bay beat New York for the first time. Andy Pettitte (16-10) struggled again for the Yankees, losing for the fourth time in six decisions.

Rangers 5, Angels 3 in Arlington, Texas, the Rangers finally caught Ana-heim in the standings after trailing for the last month as Todd Stottlemyre, Royce Clayton and Todd Zeile, all acquired at the trading deadline, led the Rangers.
White Sex 9, Royals 4 In Chicago,

Albert Belle capped a seven-run out-burst in the seventh inning with his 46th homer and set a team record with his 139th ruo batted in.

Mariners 4, Athletics 1 In Oakland, California, Ken Griffey Jr. stole his 20th base of the season to become the third major leaguer with at least 50 homers and 20 steals. Griffey, who came into the game with a league-leading .52 homers, singled in the eighth and stole second. The only other 50-20 players in heachell hierary on Willia Mary 51 baseball history are Willie Mays (51 homers, 24 stolen bases in 1955) and Brady Anderson (50 homers, 21 stolen

In the National League:

Braves 5, Phillips 1 John Smoltz, nining up for the postseason, pitched six shutoot imaings and Eddie Perez hit a two-run bomer as host Atlanta maintained the best record in the National League."

Brewers 2, Reds 0 In Cincinnati, Bill second shutoot of the season.

Expos 3, Merfins 2 in what may have been their last game in Montreal, the Expos rallied for two runs in the ninth inning on pinch hits.

the charge. "We reject that completely." he said.

Reich said Sosa and his represeo-

The Expos' ownership group has set a Sept. 30 deadline to decide whether financing is available to build a stadium in time for the 2001 season. If they do not proceed with the project, the team will probably be sold and moved. Mets 4, Astros 3 In Houston, Todd

Hundley's pinch-hit homer with two outs in the 11th inning gave New York a victory over the Astros. Bonds hit an RBI triple and scored on Jeff Keot's single in the 10th inning as

San Francisco won in Arizona. Dodgers 2, Rockies 0 Brian Bohanon allowed five hits in eight innings as Los Angeles beat the visiting Rockies.

### Sosa Deflates Charge of Bias In Treatment Of His Feats

By Murray Chass New York Times Service

NEW YORK - The suggestion has not reached the proportions of a national debate, but talk about it has become part of the home run race that has commanded the United Section 1 manded the United States' attention:
Major League Baseball has slighted
Sammy Sosa in its treatment of him and Mark McGwire, and race is the reason.

Baseball officials and Sosa's agent flatly rejected both ootions Wednesday.

"Sammy doeso't perceive it that way, and neither do we," Tom Reich, the agent, said, speaking for himself and his partner, Adam Katz. "The attention that has been given to Sammy has been

McGwire was singled out the night he hit his 62d home run, baseball officials said, because that was the home run that broke Roger Maris's record, and they had centered the initial stage of their involvement on that achievement. Had Sosa hit his 62d before McGwire, the officials said, Commissioner Bud Selig would have given him the award he would have given him the award he gave McGwire.

"There was a huge media crush and we had to set something up for that," Selig said. "McGwire broke Maris's re-

Selig said. "McGwire broke Maris's record. Sarmny has tied the new record."
Selig gave McGwire the first Commissioner's Historic Achievement
Award after the Sept. 8 game in St.
Louis, and he said he would give the
same award to Sosa, a naove of the Dominican Republic. on Sunday in Chicago as part of the Cubs' ceremony bonoring their right fielder.

Both players, Selig added, would be hooored during the World Series, no

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matter who wins the race.

McGwire and Sosa were tied at 63

home runs after games Wednesday night. Sosa has led McGwire only once, for two and two-thirds innings during the game between their teams Aug. 18. Selig said he had received some calls from fans who said they thought Sosa had been slighted. But, he said by tele-phone from Milwaukee, "I explained it to them and they were satisfied."

Charges that the two players have been treated unevenly have come from fans and sports columnists. Rich Levin, the executive director of baseball's public relations department, said that any snggestion that race influenced the treatment was an insult. "It's absolutely preposterous," he said. Reich, who was with Sosa in San

Diego where the slugger hit his 63d home run Wednesday, also scoffed at

tatives felt so positive about basehall's treatment of Sosa that Reich expressed that feeling in a letter Wednesday to Paul Beestoo, the chief operating officer for Major League Baseball.
"It is obvious," Reich wrote, "that

much of the media has chosen to make a significant issue out of possible unbalanced attention to Mark McGwire at the expense of the spectacular young Sammy. As you will see and hear, Sammy Sosa and Reich/Katz reject this. notion ont of hand," Reich went on to write that they were

very appreciative of the consideration and respect" shown by "all of the components of major-league baseball."

### **Boldon Misses Record but Wins Gold** The Associated Press ran 9.87 at altitude in Johanneshurg on the second fastest women's 200-meter butterfly race of all time.

missed the world record hut still celchrated in style as he ran 9.88 seconds on Thursday to win the Commonwealth Games 100-meters gold

The Trinidanian sprinter, who had Games mark of 9.91, set four years ago at Victoria, British Columbia, Boldon, who has twice run 9.86 this

of honor with 37,000 spectators in the Lumpur because of solid training. 100,000-capacity National Stadium cheering him wildly.

While Boldon ran consistently throughout the race, Fredericks started slowly and needed a powerful surge at

#### COMMONWEALTH GAMES

said he felt capable of beating midrace to get back into contention.

Donovan Bailey's 9.84, threw his arms

But Boldon always looked the winner wide as he broke Linford Christie's and there was daylight between the two sprint superstars at the line.

Boldoo said that he had been disappointed with his performance during season, ran to collect the flag of Trin-idad front one of his fans and did a lap had been confident of success in Kuala

■ Another Victory for O'Neill

Boldon's big nval, Frankie Fredericks the most prolific gold medal winner in who scored nine, and equaled Graham of Namibia, second in 9.96 and Commonwealth Games swimming Smith of Canada's record total for a Obadele Thompson of Barbados, who history Thursday, doing it in style with single games of six in 1978.

O'Neill, the Olympic and world

champion in the event, defeated Petria Thomas, her compatriot, to claim her 10th gold medal in her third Commonwealth Games. O'Neill's 2:06.60 crushed her own

Commonwealth record of 2:07.29, which she set in 1995, and was second only to the 2:05.96 scored by Mary Meagher of the United States in 1981. O'Neill finished the competition

with six golds and two silver medals.

Australia finished the swimming competition with 23 golds, two medals away from its record set in 1994, while

Another Victory for O'Neill

Susie O'Neill of Australia became

England had five and Canada four.

O'Neill's gold tally surpassed that
of Mike Wendeo, a fellow Australian Smith of Canada's record total for a

#### The medals went as expected, with

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Sw—Gordon (411, HR—Baltimore, Bardick 113).

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C.Finley. Delucia (7) and Vigibeck: Wandell (11) and Pazza Hamplon. B.
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Coldman. Delic (10). Toolin (1) and J. Seattle 001 000 000 000—3 6 2
Les Aspelles 001 000 100—2. 4 0 Fassero, Paragua (M. Timbin (7) and D. Wilson, G-Hervilla, Warrell (7) and Hinch, W.-Fassero, 12-12. L.-G. Heredig, 3-2. Sw. Timbin (16). HR.-Seattle, E. Martinez (26).

Florida 180 100 850-2 9 2 Montreal 641 86 652-2 9 1 1 Gipla and Knarr, Pavaza, Delicat (Si. M. Mandau (Si. Kline (Y) and Henley, W.—Kline, 3-6. L—Ofals, 2-6. HR.—Montreal, Henley (2).

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(63), Son Diego, C. Hernandez (9). San Francisca 911 191 900 2—4 10 2 Arizone 800 994 096 1—5 8 9 (10 Innings)=Hershisser, R. Rodríguez (7), Johastone (8), Nen Titti and Bulotursor Chasinard, Nunez (4), Ford (6), Embree (7), Small (8), Olson (10) and Miller. W-Johnstone, 5-5, L-Obon, 2-4, Sv-Ner (27), HR-Son Francisco, Spow (15).

JAPANESE LEAGUES

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THURSDAY RESULTS
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CYCLING TOUR OF SPAIN

Leading placings Thursday in 187-ideo-meter (116-min) in 1207 stage from Bernstein to Centrance: 1. Gents Brigne. Holy, Mapei 4 hours. 26 minutes, 3 seconds. 2. Sentinge Bianca, Spain, Vitalicio et 148 3. Roberto Spantoshiri, Holy, Brandelfot 150 4. Jean Demon (Mentra Small Lines 202).

6. Alberta Leonizbarrotta, Spain, ONCE s.t.
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10. Mauriso Fritzo, Italy, Cardina Tolio 7:51
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Dariel Clavera, Spain, Vitalicia Seguros 201; 6. Alvaro Gatácora, Spain, Euskarba 200; 1.
Alex Zuete, Switzerland, Lotus 2:19; 8.
Raberto Herras, Spain, Keime 2:24; 9. Lance
Armstrong, U.S. U.S. Postal 2:44: 10. Oscor
Cameraland, Switzerland, Mispel 2:47; 11.
Marcos Serrano, Spain, Keime 2:26; 12.
Marcos Serrano, Spain, Keime 2:28; 12.
Jose Castelbirano, Colombia, Avianco 4:12; 14.
Jose Usia Rutsiera, Spain, Keime 4:46; 15.
Richard Virengue France, Lates 4:59.

RUGBYUNION WORLD GUP QUALIFYING

SOCCER CHAMPIONS LEAGUE WINDOWS AND RESTLES, 1 ST ROTHER OF CHOCK ZOUTE, 0. AIGH. Netherlands, 0. Porto, Portogol, 2. Objections. Greece, 2. STAMMENTARES, Porto 1 points: Objection I. Aight I: Creatio 1.

GROUPS

STANDBAGS: Galdosoroy 1 points; ventus 1; Athlesic Bilboo 1; Rosenberg 1, Vertus II Admente allowe (I Robertus II).

GROW C

Real Modrid-5p phr. 2. Inter Milan. Naty. 0

Strum Grez. Austria. U. Spariak Moscow, 2

Strum Grez. Nation Milan. Wiscow 3 points

Real Modrid 3: Inter Milan & Shirm Grez. 0.

Real Madrid 3: Inter Millar & Shurm Graz C.
GROUP D
Brundby, Den. 2. Boyern Minnich, Ger. 1
Marchester U., Eng. 3. Barcelone, Sp., 3
\*\*TANNOUNDER: Broadby 3 points: Bar
celone; J. Man Utd I; Bayern Munich C.
GROUP E.
Lens. France, I, Arsenat, England, I
Poundhinadhus, Gr. 2. Dynamo Kiev, Ulc., 1
\*\*TANNOUNDER: Pandhinadhus 3 points
Lens I; Acsond I; Dynamo Kiev Q.
GROUP F
Kolsenbaren, Ger., I, Banfac, Purisaga, 6
Elindhoven, Math., 2. H.K. Helshirk, Fla., 1
\*\*TANDOUNDER: PSV Eindhoven 3 points
Kaisensharten 3; Benfaca Cr H.K. Helshird Q.
CLUB Mirragencies C.

**CUP WINNERS CUP** TAMPRIDAY RESULTS
PRIST ROUND, PRIST LEG
Penionios Affers 2, Holze, Finlond, Q
Ropid Borhorest 2, Voolerenge Oslo 2,
Velenje, Slovenio, Q, Voruzio, Crootka, 1
SV Ried, Austria 2, MTK Budapest 0
Levski, Soffa Q, Copenhagen 2
CSKA Kiev Q, Lakomotiv Mascow 2

AAJOR LEADUR SOCKER
Colorado 4. Calumbus 2
D.C. United 5. MetroStars 0
Los Angeles 1. Son Jose 0.
STRUMBURGER Eastern Capterence: a-O.C.
77 points: a-Colorados 45: a-NY-NJ 35: Michall
32: Tompo B. 28: New Eng. 26. Western Conference: y-L.A. 65: x-Chicogo 50: Colorado 35:
Defice 34: Kenses C. 32: Son Jose 27.
x-Cintched playoff bertit
y-Clinched conference title

TRANSITIONS

CLEVELAND—Activated 1B Jim Thorne im 15-day disabled list. NATIONAL LEAGUE FLORIDA—Announced resignation of G ughes, vice president of player partorn fective at end of season.

RASKETEALL
NATIONAL BASKETEALL ASSOCIATION
HILADELPHIA—Named Koren Friscond
clar of communications, effective Oct. 31. FOOTBALL RATIONAL FOOTBALL LEAGUE

INDUNATIONAL FOOTBALL LEAGUE

INDUNATIONAL FOOTBALL LEAGUE

Watved DE Steven Contey.

NATIONAL HOCKEY LEAGUE
ANAMEM—Signed 11 Pavel Trika to 1-year contract.

BUFFALD—Normed 1 im Corst goothenders couch, Promoted 1 im Benning to director of concilent scouring, Normed Darry Plandowski and Kevin Devine to the scouting staff.

EDMONTON—Returned O Lutters Zib to his Czech Republic legm.

PITTSEURGH—Signed D Josef Melichot.

VANCOUVER—Suspended RW Povel Bure for not reporting to mainly comp.

ATLANTIC IN CONFERENCE—Named Kalthern DLINds director of championships and Bridget Gest manager of operations.

COLORADO COLLEGE—Named Miles MacCobins mens basketball cooch.

HAMPTON—Named Ed Huckaby and Jomes Wilhelm mens assistant basketball cooches.

SAN GIEGO STATE—Promoted Jonnes Holi land to means associate basketball coach.



LIVE - Golf - The Solheim Cup **Exclusively live on Eurosport** tune in tonight & Sunday 22.00 (CET)



Eurosport, Europe's No.1 Sports TV Channel, available on cable and satellite

#### **SPORTS**

### W Mee \*Brondby and Lens un Aide Show Their Mettle

By Peter Berlin International Herald Tribun

LENS, France — The opening round of matches in the Champions League provided an evening rich in both irooy and accom.

The first 12 matches in league play in Europe's top cloh competition Wednesday provided 30 goals and four red cards. Four teams scored in the dying

CHAMPIONS LEAGUE

seconds to turn defeat into a draw or a draw into victory, and several unfashionable clubs tripped up self-elected members of the proposed Super

League.
With characteristic timing, Media
Partners, a Milan-based consulting firm that is trying to set up a breakaway Super League, chose Thursday to make a presentation to Italy's club presidents. It said it planned to replace the three cups run by UEFA, the governing body of European soccer, with a midweek league of 36 teams and a cup with 96 viclubs from 51 countries, starting in 2000-2001.

Eighteen of the 36 league members would be invited and guaranteed places in the first three years of the compe-oon, regardless of their performance in domestic leagues.

Under pressure, UEFA has fiddled with its top competition in recent years.

And on Wednesday the Champions League began in yet another new format, hut one that already appears outdated. Meanwhile, the smaller clubs did their

part in the evening's matches. Brondby, the champion of Denmark, beat Bayern Munich, and Lens, the French champion, scored in the time added by the referee for second-half injuries to hold Arsenal of London, 1-I.

It would be nice to think that there was an element of justice in Wednesday's scores, but sporting jusoce is far simpler and harsher. Arsenal and Bayern lagged not because they were hig and rich and deserved a hlack eye, but because they failed to take their scoring chances.

In Lens, Marc Overmars gave Arsecoal the lead after 51 minutes with a crisp finish, following a delightfully constructed counterattack. Lens leveled in the 93d minute when the ball struck Martin Keown, the Arsenal defender, in the Arsenal goalmouth and ricocheted across the line.

Arsenal could have won the game comfortably in the second half if Overmars and Nicolas Anelka, its two best strikers, had taken their chances. Four times, Anelka raced into the Lens penalty area with only the goalkeeper, Guil-laume Warmuz, ahead of him. Four times, through indecision or inaccuracy, he wasted the opportunity.

Overmars' misses were of a different type. After scoring, he hit the crossbar with a powerful shot after a clever dribble. In the 56th minute, after another good run, he slid his shot past Warmuz, hut the ball struck the goalpost and bounced across the face of the goal and away. At that moment, the scales of justice tipped a little toward Lens.

Dennis Bergkamp, the English player of the year last season, played as if in a coma. He has clearly not recovered yet from last season's exertions. His exhansted form is hardly an advertisement for the extra burden the Super League

would place on players. If the bullying tactics of wealthy clubs, among whom Bayern Munich is a leader, yield a Super League, then the thuggish Carsten Jancker, a Bayern for-ward who enjoys throwing his weight around should be its poster boy. In Brondby, Bayern missed a series of chances, and the graceless Jancker was the chief offender. Markus Babbel eventually scored for Bayern, but Brondby made the most of Bayern's misses, scoring in the 88th and 90th minutes. The second goal came from a spectacular shot by Allan Ravn Jensen.

The victory means that Brondby leads Group D, ahead of three teams which would all gain automatic entry to
Media Parmers' proposed league.

At the other Group D match,
Manchester United and Barcelona

drew, 3-3. The fans of United, which qualified as runner up in the English Premier League, got into the spirit of the new Europe with an obscene chant to the effect that "Wc're here because we've won nothing."

Ryan Giggs and Paul Scholes scored for United in the first half. But Barcelona retains its endearing commitment to the idea that the way to win soccer games is to attack. Sonny Anderson scored with a rasping drive in the second half, followed by Giovanni on a penalty kick. But David Beckham put United ahead again with a swerving free kick.

Finally, after Nicky Butt stopped a goalbound shot with his hand to earn a red card, Luis Enrique equalized with the penalty kick.

Joventus, a cup finalist for the past three seasons, drew 2-2 with Galtasaray in Turin in Group B. Filippo Inzagh gave Juventus the lead with an overhead kick in the 17th minute, but Juve's goalkeeper, Angelo Peruzzi, was sent off in the 37th minnte after handling the ball outside his penalty area to stop a breakaway by Hakan Sukur.

Sukur slid the ball past Michelangelo Rampulla, the substitute goalkeeper, in the 42d minute, and Umit Davala gave the Turkish champion the lead after 63 minutes. The defender Alessandro Birindelli saved Inventus with a goal five minutes later.



Dwight Yorke of Manchester United leaping to attempt a shot on goal against Barcelona. The teams drew, 3-3.

### Army Likes Color of Conference Cash

By Joe Drape New York Times Service

WEST POINT, New York - It has played foothall for 108 years, 1,011 imes in all against teams from across the nation. It maintains a narrow edge over Navy in one of the oldest and most resonant rivalries in college sports. But the history of Army football takes a modern turn Saturday when a pair of teams without a victory square off at Michic Stadium.

When Army (0-1) faces Cincinnati (0-2) here, the Black Knights will turn the page on more than a century as an independent to compete in their first game as the newest member of Conference USA.

It is the beginning of an era when new rivals such as Southern Mississippi and postseason games like the Liberty Bowl will become part of Army lore along with Glenn Davis and the Commanderin-Chief's Trophy. In the view of Army athletic officials, it is vital to remaining in the mainstream of hig-time college

This shows our commitment to laying Division I-A football," said Al anderbush, athletic director at Army. We were playing a couple of Division AA schools and getting criticized for it. Other schools were using it to recruit against us. This makes us more com-

lieve kids today would like to look up and see there is a conference championship to play for and an all-conference team to make.

More important, beyond just survival, it shifts Army's focus to getting a greater share of the millions of television dollars flowing into college football. Besides a competiove schedule and the promise of bowl games, Army

#### COLLEGE FOOTBALL

now gcts a marketing outfit - the conference - dedicated to making it network- and cable-ready.

Army is not alone in trying to reposition itself in an increasingly competitive race for television dollars and bowl payonts. Last May, the presidents of cight Western universities, including Air Force, stunned the college athletic community when they announced that they were leaving the Western Athletic Conference to form their own league.

Even Notre Dame, the only major power among the eight remaining Division I-A independents, which has its own five-year, \$45 million television contract with the NBC television network, is talking to Big Ten officials about joining the conference to ensure economic health and stability.

PRINCIPAL'

is television money. The Big Ten commissioner, James Delany, estimates the annual market for college football TV rights at \$300 million and growing.

In the new Bowl Championship
Series, which the ABC network will

televise, the title game will be worth \$11 million to \$12 million per team. Conference USA, in its third year of

existence, offered Army access it did not previously have to a television contract and two bowl games. It also offered a schedule of mid-major Southern universities with which West Point offi-cials believed a school of 4,000 caders none on true athletic scholarships could compete. The conference is com-posed of Cincinnad, Tulane, Memphis, Louisville, Houston, Southern Mississippi and East Carolina, and its champion earns an automade berth in the Liberty Bowl, which last year had a \$1.1 million payout per team.

In addition, the Hamanitarian Bowl in Boise, Idaho, will hold a place for another Conference USA team, worth an additional \$750,000 to each team. The conference's deal with the Fox sports network pays dividends in exposure - five Army games are scheduled to be televised this season, and the number could reach nine. Last year, conomic health and stability. three Army games were televised, in-Just as in professional sports, the cluding the Navy game.

### Stars Occupy **Back Seats** At Lancome

The Associated Press

SAINT-NOM-LA-BRETECHE. France — Five players shot 4-under-par 67s on Thursday to share the first-round lead in a closely contested Lancome

Outshining the superstars competing for the trophy, Stephen Allan of Australia, Derrick Cooper of England, Eamonn Darcy of Ireland, Miguel Angel Jimenez of Spain and Greg Turner of New Zealand share the lead on the par-71, 6,311-meter (6,935-yard) course in Saint-Nom-la-Breteche, west of Paris.

In warm, sunny conditions, an additional five players shot 3-under-par 68s to stay in close contention for the £133,330 (\$221,000) first prize, to be awarded Sunday.

Darcy, the first to see off, began badly, bogeying the fourth. But he roared back with birdies oo the sixth, 13th and 15th. His best moment came with an eagle on the par-5 eighth, when he was short on his second shot but eventually putted from 30 yards for an eagle.

'I was driving the ball realty well and didn't miss any fairways," the Irishman

Turner, who missed the cut in his defense of the British Masters last week. saying his 'focus was astray,' was back in the groove, firing four birdies in a solid 67, including a smart 35-foot

(10-meter) putt to birdie the 9th. David Duval of the United States, looking for his first European prize, shot 69, while the defending champinn Mark O'Meara was 1-under at 70, along with Fred Couples, Lee Westwood and Nick .

#### Four Share Lead in ANA Open

The Japanese players Masashi (Jumbo) Ozaki and Yuji Igarashi shot 3under-par 69s along with Stuart Applichy of Australia on Thursday to share a one-stroke lead in the opening round of the 100 million yen (\$745,000) ANA Open, The Associated Press reported

from Kitahiroshima, Japan. Ozaki, in contention for his 109th career victory, shot five birdies and two bogeys over the 7,063-yard (6,427-meter), par-72 Sapporo Golf Club course. Appleby, winner of the Kemper Open in June, also scattered five hirdies and two

Carlos Franco of Paraguay, Peter McWhinney of Australia, Chen Tzechung of Taiwan and Kenichi Kuboya of Japan fired 70s.

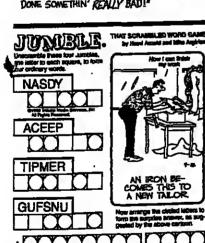
Katsumasa Miyamoto, Yoshinori Mizumaki, Naomichi (Joe) Ozaki, the youngest of three Ozaki brothers on the tour, and Taiwan's Lin Keng-chi and five others shared eighth at 71.

Lee Janzen of the United States, winner of the U.S. Open in June, was in a group of 17 tied for 17th at 72.

#### DENNIS THE MENACE



\*No TV when you were a kid? You musta Done somethin' *really b*ad!"



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#### **PEANUTS**

I THINK I'LL TAKE A WALK

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C'MON, GUYS! SO YOU'RE NOT NUMBER ONE. BUT

TAKE PRIDE IN YOUR EFFORT



ME TOO



LET'S HEAR

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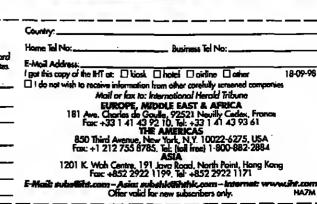




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#### Salute to Tastelessness

By Neil Strauss

New York Times Service OS ANGELES — What ∠is happening in music today? MTV certainly doesn't know. That's why it has been replacing program directors and staff every few mooths. Recently, the channel told the thrash-rock band Korn not to bother making any videos for its new album. But last month, forced to bow to his pheoomwhen Korn had a hit on the enal record sales. radio and it became clear that the band's album was going to be No. 1 on the pop charts, MTV called back. It wanted a

MTV is not alone in its confusion. Music television, eommercial radio stations and mainstream magazine covers have become reliant on market research, primarily because ratings and eirculation are so important to their advertisers. As a result, the era of the individual with an ear to the ground — a disk jockey or magazine whose role is to find good artists is over. The mall rules. One result is events like the MTV Video Music Awards, o salute last week to tastelessness.

The big winners were Aerosmith, the Beastie Boys, Will Smith and Madonna: Rewind 10 years, and the winners could have been the same.

Two things are happening: Music is in a lull and to fill the gap, it's back to the '80s, "The Wedding Singer" may have catered to the growing market were hardly any, a definite for 'EOs nostalgia, but the reflection of the eurrent stasis Video Music Awards were the decade's coming out party.

Like the movie "Godzilla,"

ing the former Stray Cat Brian event because it kept saying it Setzer, Beck in a muscle shirt was, with MTV promoting the as he hreakdanced onstage, show literally 24 hours a day. as he breakdanced onstage, the return of New Kids oo the Block to the form of the Back- keting was more exciting than street Boys and the predom-

inance of old-school hip-hop scratching through the night. Perhaps the most atypical performance at the ceremony was by Master P, the Louisiand entrepreneur resurrecting gangsta rap on his No Limit label. Recently, Master P has become an MTV fixture not because the cable channel likes something about his music, but because it has been

The most powerful arbiter of musical taste in the '90s is not MTV or radio, but Soundscan, the upstate New York company that every Wednes-day releases regional and oadonal statistics on exactly how many records are being sold by various acts and genres. These reports are scrupulously pored over by executives at MTV, record labels and radio stations. They are analyzing the water but ig-noring the wave, and a result is a rerun culture, where today's pop music is doomed to repeat esterday's successes

Over the years, MTV and its sister station VH1 have lost their faith in the music video. They don't like to show videos alone and if you factor in the heavy hand of MTV censors. it doesn't add up to much respect for video as art form.

What the awards show has beeo about is mixing a bunch of celebrioes in a room and waiting to see what shenanigans arise. This year, there

decade's coming out party.

Consider the finale featurthe awards show became an And like "Godzilla," the mar-

### Leipzig's Musical Scene Comes Roaring Back

By David Stevens

EIPZIG — "Leipzig kommt," is the rentire text of a poster scattered around the historie inner city, and despite the eco-nomic woes of the former East Germany, the proliferation of scaffolding and giant cranes is physical evidence that Leipzig is indeed coming back from a rough half-century.

The city, famous for ceouries for its trade fairs, opened a new exhibition complex on the outskirts a couple of years ago, and recently converted large parts of its vast railroad statioo into a multilayered shopping

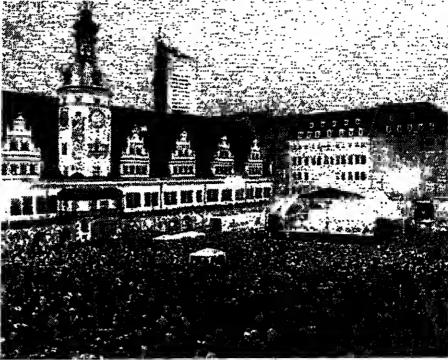
But commerce and culture historically go hand-in-hand here. How could it be otherwise? The Thomaskirche, where Johann Sebastian Bach was for 27 years the cantor and the city's de facto music director, is about three minutes oo foot from Averbachs Keller, immortalized in Goethe's "Faust."

So another sign that Leipzig is recharging its batteries is that the celebrated Gewandhaus Orchestra, which reckons itself to be 255 years old, has just ceremonially installed Herbert Blomstedt as the 18th Gewandhauskapellmeister — the latest in a line that has included Felix Mendelssohn and, in this century, Arthur Nikisch, Wil-helm Furtwangier and Bruoo Walter.

Blomstedt received his contract in a speech- and music-studded ceremony io the 16th-century old towo hall, followed in the evening by an outdoor coocert that packed the adjacent Marktplatz. A gala concert in the orchestra's hall featured organ works by Bach and Mendelssoho, Bruckner's Third Symphooy in its expansive original version, and heartfelt speech by Yehudi Meouhin — Lord Menuhin now — who made his Ge-wandhaus debut in 1930 as a 14-year-old

Blomstedt's immediate predecessor was. Kurt Masur, who took over the orchestra in 1970, and in October 1989 achieved ocomusical prominence as one of the leading mediators of the conviolect transition from Communism to post-Communist reality. But in 1991, Masur accepted the musical directorship of the New York Philharmonic, aithough he kept the Leipzig post until two years ago. Nonetheless, the Gewandhaus has been at least semi-orphaned for seven

At 71, the same age as Masur, the Swedish Blomstedt may oot seem an ob-



The outdoor concert marking the arrival of Herbert Blomstedt in Leipzig.

vious candidate for a rejuvenation project. But he comes with a proveo record as an orchestra huilder as well as with a firsthand knowledge of musical life in this part of the world. In 1975, he began a decade as music director of the Dresden Staatskapelle, theo put in 10 years with the San Francisco Symphony, where it is geoerally agreed he rigorously fine-mood the Bay City ensemble before turning it over to Michael Tilson Thomas and moving on to the North German Radio Orchestra in

"I did oot besitate," Blomstedt said about his reaction to the Leipzig offer of a five-year contract. "You just doo't say no to a place like the Gewandhaus."

Indeed, Blomstedt, a devout Seventh Day Adventist—born in Springfield, Massachu-setts, where his father was for a while an Adventist missionary - teods to speak of his new position more in terms of a sacred calling. He did not just take a job, he was

two major cities of Saxony only 110 kilometers (about 70 miles) apart, and he recalls his Dresden period as "10 wonderful years," he emphasizes the differences in the two musical establishments.

"In Dresden, the orchestra's home is the opera house and it plays mainly for the opera, with relatively few concerts. In Leipzig, the orchestra has its own home, although it plays for the opera and for the weekly Bach cantata performances at the Thomaskirche.

The main coocert schedule includes 24 orchestral programs, each played twice, plus numerous special concerts, several long and short tours, chamber music performed mainly by ensembles drawn from the orchestra and mini-festivals devoted to Mendelssohn, Bach and, this year, Hanns Eisler — one of Bertolt Brecht's musical collaborators, whose birth centennial falls this year.

To handle this multiple load, the orchestra has a force of 185 musicians (33 first violins Although Dresden and Leipzig are the alooe); as well as a chorus, children's and

House in London has tapped the ex-ecutive ranks of American Ballet Theat-

er in appointing an executive director. He is Michael Kaiser, executive director of Ballet Theater for three years. Sir Colin Southgate, chairman of the

Royal Opera House, said that Kaiser

would begin Nov. 12. Last week

youth choruses, not counting the church's Thomanerchor.

Another difference is that Dresden is the capital of the state of Saxony with a princely or royal history and a musical establishment that goes back 450 years, whereas Leipzig is a mercantile city and the Gewandhaus ensemble is, in effect, the town band. The orchestra's budget of some 42 million Deutsche marks (\$25 million) is covered by a municipal subsidy of 22 million DM, plus.
10 million DM from the opera for the orchestra's services, and the rest from ticket sales and other income. There will be some repertory new to Leipzigers, to go with their familiar diet of Bach, Beethoven, Brahme, Mendelssohn, Schumann and Bruckner, according to Andreas Schulz, the new Gewandhausdirektor, in effect the artistic administrator and Blomstedt's chief aide.

In part this is because more than a halfcentury of Nazi and Communist cultural quirks have left holes in the orchestra's repertory. Arthur Honegger's 'Symphonic lingrique' on the season-opening program and Carl Nielseo's Third Symphony are examples of established works likely to be novelties to the Gewandhans public.

"Tradition io a positive sense is impor-tant, but so is looking to the future," said Schulz, 36. He came to Leipzig from Bremen in January at Blomstedt's behest, after thinking it over for "about a second."

One decided asset is the orchestra's third home, the Neues Gewandhaus, on the spacious Augustusplatz opposite the opera, built in 1981 after years of hectoring by Masur ("He fought like a lion for it," Blomstedt said.) Its 1,900-seat, bexagonal main ball, with a balcooy surrounding the orchestra podium, is spa-cious, with good sight lines and fine acousties. There is a 400-seat second hall for smaller eveots.

The orchestra gets its name from the original Gewandhaus - "cloth ball." because the concert hall was installed in a building formerly used by the fabric trade. The name stuck to the orchestra and its next hall, built in 1881 and much admired in its time, which ended under World War II bombing. Instead of being rebuilt, the ruins were dynamited in 1968.

One thing that predates all three buildings, and is still prominently displayed, is the orchestra's mono, borrowed from Seneca: Res severa verum gaudium - Trae pleasure is a serious matter.



Meryl Streep after her walk among the stars on Hollywood Boulevard.

S the bard of Lake Wobegon, Gar-A rison Keiller often ends his public-radio program, "A Prairie Home Companion." by crediting what he says is the show's writing staff: Sarah Bellum, Pete Moss, Sandy Beach and Warren Peace, among others. Many longtime listeners assumed that these were madeup names and that Keillor had written every word himself. But oow be is look-ing for a real, live writer to belp our. Minnesota Public Radio, which pro-duces the show, placed a classified ad-vertisement in The New York Times on Sunday. "With a two-bour sbow every week for 34 weeks a year, that is an awful lot of material," said Christine Tschida, the producer. "Garrison does write ocarly the entire program. It would be nice to have a few other submissions to take off some of the pressure."

Lisa Marie Presley's religious beliefs are off limits to lawyers defending a supermarket tabloid in her defamation lawsuit, a judge ruled. Presley sued the National Enquirer over its June 1997 story headlined "Lisa Marie Snicide which said she tried to kill berself. Her lawyer said the Enquirer wanted to use Presley's membership in the Church of Scientology as a "way to distract the case from the merits."

The financially moubled Royal Opera - Southgate canceled all Royal Opera and

### And Now for All Those Fans of 007...

**PEOPLE** 

The Associated Press ONDON - Christie's held an auction Thursday dedicated solely to Agent £29,000 (\$49,000). Never mind that it didn't bave a motor: It just happened to be the prop car featured in the 1977 James Bond movie "The Spy Who Loved

The automobile was piloted by Roger Moore's version of Agent 007, and was among the 250-plus lots peddled at the auction of Bond memorabilia. Generating the most interest — and the most cash — was the lethal metalrimmed bowler used by the assassin Oddjob, the most famous of the Bond villains, in the 1964 film "Goldfinger." An anonymous bidder, participating

by phone, paid £62,000.

A Rolex Gyster Perpetual watch worn by Moore in his first Bond film, "Live and Let Die." in 1973, brought £22,000, more than five times the estimate.

most Royal Ballet performances umil December 1999 to enable the house to put its affairs in order.

Universal Pictures has agreed to pay an estimated \$9 million to the widow of

Theodor Geisel for the rights to use two Dr. Seuss favorites, "How the Grinch Stole Christmas" and "Ob, the Places You'll Go." The company negotiated on behalf of Imagine Films, which will id-apt "Grinch" into a film directed by Ron Howard and starring Jim Carrey.

Meryl Streep retraced ber footsteps along Hollywood Boulevard, this time amid shouts and applause as she un-veiled her Hollywood Walk of Fame star. More than 300 fans gathered curbside to wimess the dedication of the actress' star. "When I was 19, I had a date and we walked along Hollywood Boulevard," she said. "I oever dreame!" someday I'd be walking over me." Streep's was the 2,119th star enshrined aloog the walkway.



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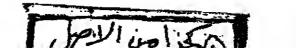
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